

# Agency Funds

GIVING THROUGH THE COMMUNITY FOUNDATION

## What is an agency fund?

Establishing an agency endowment fund with us is a simple and efficient way to build an ongoing source of income for a nonprofit organization. This partnership allows a nonprofit to focus on programs and activities that further its mission rather than spend time identifying and supervising investment managers.



## Who should consider a fund?

- Nonprofit organizations seeking a diversified pool of investment managers.
  - Many investment managers require high minimums, often upwards of \$1 million, to manage a fund. When the nonprofit creates an agency fund and its assets are pooled with other Community Foundation assets, it can more easily focus its efforts on growing its organization, rather than managing its assets.
- Nonprofit organizations with a solid individual donor base.

## What are the benefits of an agency fund?

- Allows the nonprofit organization to focus on building an endowment without the burdens of managing one.
- Accepts complex or unusual assets at fair market value, such as real estate, stock, life insurance and personal property.
- Can be established with a strict distribution policy to protect longevity, one that allows for an emergency distribution with board approval, or a flexible short-term distribution strategy.
- Gives donors peace of mind that investments are well managed.
- The Community Foundation provides staff experienced in helping donors achieve their philanthropic goals through a planned gift.
- Offers online access to fund information.

  
*Together, we flourish.*  
**Community  
Foundation**<sup>™</sup>  
for the Fox Valley Region

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## How does an agency fund work?

**1.** Nonprofit organization establishes the fund.

**2.** The nonprofit's donors make contributions to the nonprofit.

**3.** The nonprofit organization makes contributions to the fund with the Community Foundation.

**4.** Grants are made back to the nonprofit organization as needed.

### Points to consider:

- All contributions made to the fund are irrevocable.
- Endowments allow for the organization to receive an annual distribution based on the distribution policy established by the Community Foundation.
- The Community Foundation seeks investment returns sufficient to support an annual distribution of up to 4.5% of the endowed fund assets to the nonprofit.
- Non-endowed funds allow the organization access to all of the fund's principal and income.

### Prudently investing charitable funds

- The Community Foundation's investment strategy is managed by Fund Evaluation Group (FEG), our Outsourced Chief Investment Officer (OCIO).
- The investment strategy and performance is overseen by a volunteer committee knowledgeable in investment and finance. They measure performance against a benchmark that is a composite built from percentages of a variety of investment indices.
- The Community Foundation has a diversified strategic asset allocation strategy. Learn more at [cfoxvalley.org/investments](http://cfoxvalley.org/investments).
- Investment managers are experienced in specialized sectors of the markets.
- These investment managers manage risk while providing stability and growth for fund assets.

### What are the fund minimums?

An agency fund may be started with \$1,000 for a future fund. An endowed agency fund requires a \$10,000 balance before distributions can be made from the fund. Additional contributions can be made at any time and in any amount. Administrative fees are assessed monthly and are based annually on a tiered system. These fees cover general operating costs for gift establishment, receipt of assets and contributions, grants and fund administration and the Community Foundation's broad charitable mission. Investment management and consulting fees related to the Foundation's investment pools are charged separately. Learn more at [cfoxvalley.org/fees](http://cfoxvalley.org/fees).

To establish an agency fund, contact **Michelle Lippart Hardwick, Director of Gift Planning**, at 920.702.7622 or [mlippart@cfoxvalley.org](mailto:mlippart@cfoxvalley.org)

