

# A Guide to Agency Funds



## How does an agency fund work?

The Community Foundation for the Fox Valley Region makes it easy to establish, maintain and grow an agency fund that allows your organization to steward endowments or operating reserves expertly, while not taking valuable staff time away from your mission. Here's a snapshot of how we work with agency funds:

**Give** – Transfer cash, stock, or other assets from your organization to your agency fund at the Community Foundation.

**Grow** – The Community Foundation invests funds using diversified pools managed by professional investment managers.

**Grant** – Set up annual distributions back to your organization or request grants from the fund to your organization.

## How does the Community Foundation help?

The Community Foundation makes it easy for your organization to set aside and invest funds for the future. **Agency fund services** include:

- A cost-effective option for accessing investment options that might not otherwise be available to your organization.
- Agency can focus on building assets without the burden of managing investments.
- 24/7 online access so your organization can view the fund balance, contributions, grants, and investments anytime.
- Donors have peace of mind that investments are well managed.
- A member of the Agency Fund Team can meet with your staff, board, or finance committee to review the investments of a fund(s).
- Familiarity and expertise with a wide range of planned giving options, including serving as a sounding board for growing your fund and assisting with accepting complex assets.
- Adept financial knowledge in navigating the specific accounting standards that are unique to this type of fund.

## Contributing to an Agency Fund

Contributions may be made by your organization into a fund at any time.

- Cash contributions may be delivered by check or wire transfer.
  - Checks should be made payable to the Community Foundation for the Fox Valley Region with the specific fund name listed on the memo line.

- Large cash contributions may be transferred by wire directly to the Community Foundation's bank account. Contact the Community Foundation for wiring instructions and notification prior to making the transfer.
- Publicly traded stocks, bonds, and mutual fund shares are accepted. Please contact the Community Foundation for assistance with stock contributions. **Please contact us prior to transferring shares** to let us know the stock name and number of shares to be transferred. We request notification before a transfer is initiated.
- Contributions of complex assets, such as business interests or real estate must be reviewed and approved before they are accepted (via the Community Real Estate and Personal Property Foundation, a supporting organization of the Community Foundation) and additional requirements or fees may apply.

**Third Party Contributions** – Individual donors may not make contributions to an agency fund at the Community Foundation. Individual donors may contribute to your organization for the purpose of supporting the agency fund, or they may create a designated fund at the Community Foundation to benefit your organization. (Ask our gift planning staff for more information about designated funds.) The Community Foundation does not support fundraising activities by your organization and cannot accept gifts into the fund from donors generated by those activities.

**Estate or Legacy Contributions** – The Community Foundation can receive distributions from charitable trusts or bequests from an estate on behalf of your organization and create a designated fund. We work with your donors across the full range of planned contributions, including bequests, beneficiary designations, and charitable trusts to receive assets for the future of the designated fund. Again, individual donors, or their estates, may not contribute to an agency fund.

**Minimum Initial Contribution** – A minimum contribution of \$10,000 is required to establish an endowed agency fund. There is no minimum for a non-endowed (spend-down) agency fund.

**Future Contributions** – Additional contributions may be made by your organization to an established agency fund in any amount and at any time.

### **Distributions from an Agency Fund**

An agency fund can be set up to distribute grants to your organization annually (automatically), or the fund advisor can request grant distributions through the fund advisor portal. Please contact us if you have questions about the distribution schedule for your organization's fund.

### **Utilizing the Fund Advisor Portal**

The Community Foundation provides an online fund advisor portal to provide a secure and easy way through which you can access fund information. Depending on the type of fund you advise and your role with your organization, you may be able to

view the latest fund balances, make grant recommendations, and/or review gift history. Log into your fund advisor portal [here](#).

## Investments

The Community Foundation takes very seriously the obligation to steward the charitable funds with which we have been entrusted. The overarching investment strategy for all portfolios is to preserve and grow capital, helping to ensure that donors' charitable assets benefit causes now and for generations to come. All investment guidelines and options are reviewed at least annually by the Community Foundation's Investment Committee for approval by the Board of Directors and may change from time to time as the Board of Directors determines.

### **Endowed vs. Non-Endowed (spend-down) Funds**

Funds are classified at the Community Foundation based on the timeframe for use of the fund selected by your organization. Nonprofits have the option to create an endowed fund that will be managed by the Community Foundation in perpetuity or a non-endowed fund that allows flexibility to grow, spend, or sunset as needed.

**Endowed agency funds** are **permanent** funds. The decision of your organization to restrict an agency fund as an endowment is binding on your current and all future boards of directors. The spending restriction is enforced by the Community Foundation Board of Directors.

Assets in all endowed funds are managed with the goal of preserving and growing the principal in perpetuity. Only the "spendable amount" is available for distribution each year and is limited to the spending rate of the fund's average balance. An endowed fund should only be chosen to preserve the principal of the fund for future generations, not for short-term needs.

**Endowment Spending Policy** – Endowed agency funds are administered under the spending policy approved by the Community Foundation's Board of Directors and guided by the Wisconsin Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Community Foundation's standard endowment spending policy is up to four and half percent (4.5%) of the rolling 12-quarter average of the principal market value of the fund, excluding undistributed amounts for distribution. Endowment funds having a principal value less than \$10,000 as of June 30 of any year, shall not be subject to the calculation.

**Non-endowed agency funds** are not permanent funds. Non-endowed funds (also known as "spend-down" funds) allow the organization maximum flexibility in structuring the fund because the entire principal is available for distribution. Non-endowed funds have the option of three investment pools – short, intermediate, or long term to align with your organization's intended purpose of the fund.

### **Investment Committee Oversight**

The Community Foundation's [Investment Committee](#) sets investment strategy and monitors investment performance against industry benchmarks.

Committee members have extensive expertise in business, investments, and financial matters.

### **FEG Investment Advisors**

As of March 1, 2020, the Community Foundation's investment strategy is managed by our Outsourced Chief Investment Officer (OCIO), FEG Investment Advisors. FEG works with our local volunteer investment committee members who are experts in investment and finance.

**More Investment Information** – For more investment information, please visit our website [here](#).

## **Fees**

**Administrative Fees** - The Community Foundation assesses an administrative fee to each charitable fund to cover the cost of administration and to continue the Foundation's important work within the community. Administrative fees are calculated using the average daily fund balance from the prior month. The growth of the Community Foundation has provided the ability to retain a reasonable fee schedule for agency funds. Please [visit our website](#) for more information.

**Investment Management Fees** - In addition to the administrative fees, each fund is assessed a pro-rated share of investment management fees charged by the investment managers hired. The investment fees depend on the portfolio the fund's assets are invested in and may vary.

## **Additional FAQs**

**Who can use the fund?** Agency funds allow one person affiliated with your organization to be fund advisor. Only the person(s) authorized are able to discuss fund information with the Community Foundation, request a distribution, and/or change investment options. If a transition in staff or board members has occurred in your organization and you'd like to change who is authorized, please email [AgencyFunds@cfoxvalley.org](mailto:AgencyFunds@cfoxvalley.org).

**How many logins do we get to access the fund advisor portal?** While there can only be one authorized fund advisor, multiple people within your organization may have "view only" access to the fund advisor portal to review fund statements.

**I want to update the fund's information. Can I do that in the fund advisor portal?** If you want to update details for the fund, please email [AgencyFunds@cfoxvalley.org](mailto:AgencyFunds@cfoxvalley.org).

**How will I know if I submitted a grant successfully?** You can check the status of the grant in the fund advisor portal, on the grants tab.

### **How long does it take to process a grant recommendation?**

Grant recommendations received by end of day Friday will be in the queue for due diligence review the following week. On average, grants are processed within two weeks of recommendation being received. Processed grants are paid out via check or EFTs on the Tuesday following the week of due diligence.

### **What does Grants Payable under Outstanding Fund Liabilities mean?**

Grants are recorded in the month they are recommended regardless of scheduled payment dates. This accrual accounting entry simply 'reserves' the funds for future payment. The funds are NOT pulled from the investment account until right before the grant is actually paid out and continues to earn interest and gains/losses until that point.

**How do I access a copy of the fund agreement or other related documents to the administration of the fund?** The Community Foundation provides all agency fund holders a copy of the fund agreement at the time a fund is established. The fund advisor may request a copy at any time. Please email [AgencyFunds@cfoxvalley.org](mailto:AgencyFunds@cfoxvalley.org) for document related requests.

### **What is the best way to reach you?**

We recommend emailing for the fastest response. Please send inquiries and requests to [AgencyFunds@cfoxvalley.org](mailto:AgencyFunds@cfoxvalley.org) and a member of the Agency Funds Team will be in contact with you.

To learn more, visit our [Agency Funds for Nonprofits](#) page.

### **We're here for you and your organization.**

Whatever your charitable goals may be, our team at the Community Foundation can help. We care about our community as much as you do. Our [Board of Directors and team members](#) are committed to understanding your perspectives on the challenges facing the quality of life in our region. Deeply familiar with local nonprofits, we can serve as a resource to help you.