Agency Fund Fact Sheet

What is an Agency Fund?

An Agency Fund is a long-term fund held and managed by the Community Foundation on behalf of a designated nonprofit organization. Using an Agency Fund provides consolidated investment management and convenience. The contract between the nonprofit and the Community Foundation outlines how and when the nonprofit can access funds. The Community Foundation will respect and honor the contract and will invest the nonprofit's money according to the contract stipulations. Investing at the Community Foundation will ensure that the intent of the nonprofit's Board is adhered to even after the original Board members have moved on.

What is the minimum needed to establish an Agency Fund?

The Community Foundation will open a long-term Organization Fund for as little as $10,000.

What kind of return can we expect?

The Community Foundation currently invests via passive exchange traded funds utilizing iShares Core ETF products. Their historical returns are available for review at https://ishares.com/us/strategies/core-etfs. Please review our Investment Policy for more details.

What does it cost?

The fee structure for an Agency Fund is 1% of the market value of the fund, plus $200 annually. We compute and assess fees quarterly. Fees are deducted from the fund balance.

What are the advantages of having an Agency Fund with the Community Foundation?

- Allows the nonprofit organization to focus on building a fund, without the burdens of managing one
- Accepts complex or unusual assets at fair market value (e.g., real estate, appreciated stock, etc.)
- Through a sister Designated Fund, it gives donors peace of mind to contribute a "restricted" gift that he/she does not want managed by the beneficiary nonprofit, but rather by a neutral third party (i.e., the Community Foundation)
- Grants are made back to the nonprofit that opened the fund for a variety of uses, based on the contract parameters
- Funds can be established with a strict spending policy to protect longevity; a spending policy that allows for emergency spending with board approval; or a short-term spending strategy with no maximum expenditure defined
- The Board can designate how to request or automate future support for the nonprofit via the contract parameters
- Flexible options: quasi-endowments allow for the organization to receive an annual payout, while providing more flexibility than a fully endowed fund that does not permit access to principal. Non-endowed funds allow the organization access to all of the fund's principal and income, based on the contract parameters

How does an Agency Fund Work?

1. Nonprofit organization establishes the Agency fund with at least $10,000 from the organization itself.
2. The nonprofit organization makes contributions to the fund over time.
3. The donors of the nonprofit may make contributions to the nonprofit via a sister Designated Fund for the benefit of the nonprofit.
4. Based on the needs of the nonprofit organization, grants are made back to the nonprofit according to the contract parameters

Because an Agency Fund transaction between the nonprofit and the Community Foundation is deemed to be reciprocal, the nonprofit organization should recognize an asset on their books and the Community Foundation will recognize a liability on their books. **In other words, the assets from the Agency Fund belong to the agency rather than the Community Foundation. The funds are simply being held and managed by the Community Foundation.**