

## NONPROFIT ENDOWMENT FUND OVERVIEW

Establishing a nonprofit fund at the Greater Washington Community Foundation allows your organization to build an endowment that will ensure support for your operations and programs for decades to come. It is a crucial step toward financial sustainability—the assets are invested to achieve long-term capital growth, and a portion of the fund is distributed annually to your organization.

Partnering with The Community Foundation frees your organization from the burden of investing and administering its endowment, giving you more time to focus on mission critical work. Your organization will benefit from inclusion in a large portfolio with access to experienced investment managers and administration of endowment services. This approach provides an opportunity to safeguard your organization's assets and build a stable funding stream for the future.

The Community Foundation offers two options for addressing your needs:

1. **Permanent Endowed Fund:** Designed to protect and preserve long-term endowed assets. The principal is permanently held by The Community Foundation, with an annual payout according to our spending policy.
2. **Nonprofit Fund with Withdrawal Option:** Intended to be a long-term fund with the opportunity to access principal when urgently needed. Withdrawal requires review and approval by both the nonprofit organization's board and The Community Foundation's Board of Trustees.

## BENEFITS OF AN ENDOWED FUND

- ⇒ Resiliency from a reliable source of income and diversification of revenues.
- ⇒ Efficiency that allows you to focus on your core mission rather than managing your endowment.
- ⇒ Planned giving support services and professional guidance to help your donors make gifts to your fund. Ability to accept complex gifts.
- ⇒ Growth of your fund over time.
- ⇒ High-quality, diversified, and managed investment program.

## REQUIREMENTS

- ✓ Complete a Community Foundation fund agreement.
- ✓ Have 501(c)(3) public charity status.
- ✓ Have business operations in and a substantial mission of service to the Greater Washington region.

## GIFTS

You may add to your fund at any time. The Community Foundation accepts contributions of cash and can facilitate even the most complex forms of giving.

## NONPROFIT ENDOWMENT FUND, CONTINUED

- **Liquid Assets:** Cash, credit card, or publicly traded securities.
- **Complex Assets:** Closely held stock, real estate, partnership interests, or other illiquid assets.
- **Legacy Gifts:** We can work with your donor or their advisor to create a legacy plan.

### INVESTMENT OPTIONS

The Community Foundation has partnered with [SEI](#) to manage our portfolio of investments. SEI has demonstrated a commitment to a triple bottom-line impact: profit, people, and planet. SEI's track record of continued growth, diverse portfolio managers, and outstanding suite of services offer many benefits to our donors, your charitable funds, and our community, now and for decades to come. See attached Nonprofit Endowment Fund Options for investment portfolio information.

### FINANCIAL FACTS

- ⇒ A spending rate set by our Board of Trustees determines the amount available to be distributed annually and ensures the stability of your fund.
  - The annual spending rate is typically 5% of the fund's average total value over the previous twelve quarters.
  - Distributions are available for spending annually on July 1. Spendable income can be rolled over and remain invested for use in future years.
- ⇒ Fees assessed on component funds enable us to provide you with high-quality administrative and investment management services. Fees for nonprofit endowments are as follows:

<b>Nonprofits With Annual Operating Budget of \$1 million and under</b>	<b>.5% annual fee assessed quarterly, based on the highest month-end fund balance during a quarter, with a minimum annual fee of \$250.</b>			
<b>Nonprofits With Annual Operating Budget over \$1 million</b>	<i>Balance up to \$1 million</i>	<i>Balance from \$1+ million - \$3 million</i>	<i>Balance from \$3+ million - \$5 million</i>	<i>Balance above \$5 million</i>
	<b>1.1% minimum fee \$750</b>	<b>0.8%</b>	<b>0.6%</b>	<b>0.35%</b>

- ⇒ Your organization can establish an endowed fund with a minimum initial contribution of \$25,000.
- ⇒ The fund counts on your nonprofit's books as an asset.

#### **Sample Withdrawal Triggers:**

- ⇒ Budget shortfall caused by circumstances beyond your control (e.g., the COVID-19 crisis)
- ⇒ Property damage or new building purchases
- ⇒ Unforeseen legal expenses