

# Nonprofit Endowment Fund

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, and your organization will benefit from inclusion in a large portfolio with access to experienced investment managers. 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.
- Ability to focus on your core mission rather than endowment management.
- Planned giving support services and professional guidance to help your donors make gifts to your fund.
- High-quality, diversified, and managed investment program.

## REQUIREMENTS TO OPEN AN ENDOWED FUND

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

## GIFTS TO YOUR ENDOWMENT

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.

- **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's track record of continued growth, diverse portfolio managers, and outstanding suite of services offer many benefits to your charitable funds and our community, now and for decades to come.

## FINANCIAL FACTS

- 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.
- A **spending rate set by our Board of Trustees** determines the amount available to be distributed annually and ensures the stability of your fund. Distributions are available for spending annually on July 1.
- **Fees** assessed on component funds enable us to provide you with high-quality administrative and investment management services.

<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>

### Sample Withdrawal Triggers:

- Budget shortfall caused by circumstances beyond your control
- Property damage or new building purchases
- Unforeseen legal expenses