

Agency Fund



What Is an Agency Fund?

An Agency Fund is established by a tax-exempt nonprofit organization or “agency.” It allows the organization to focus on its mission rather than spend time identifying and supervising investment managers. It also helps nonprofits with gift planning and endowment-building to ensure their long-term financial sustainability.

Who Should Consider an Agency Fund?

Nonprofits establish agency funds to build endowments for their long term goals and to provide flexibility and a professional pool of investment managers. An agency fund can be endowed or expendable, and EBCF manages investment and administration so the nonprofit can concentrate on their mission. Creating a fund at EBCF also provides access to the services, events and technical assistance offered by our professional staff.

What Are the Benefits of an Agency Fund?

- Allows the nonprofit organization to focus on building an endowment, without the burdens of managing one
- Grants are typically made back to the nonprofit “agency” that opened the fund for a variety of uses based on the agency’s need
- Accepts a variety of assets at fair market value* (real estate, closely held stock etc.) ***Requires EBCF Board approval**
- Funds can be expendable or endowed
- Gives agency peace of mind that assets are being managed by a neutral third party (i.e., EBCF)

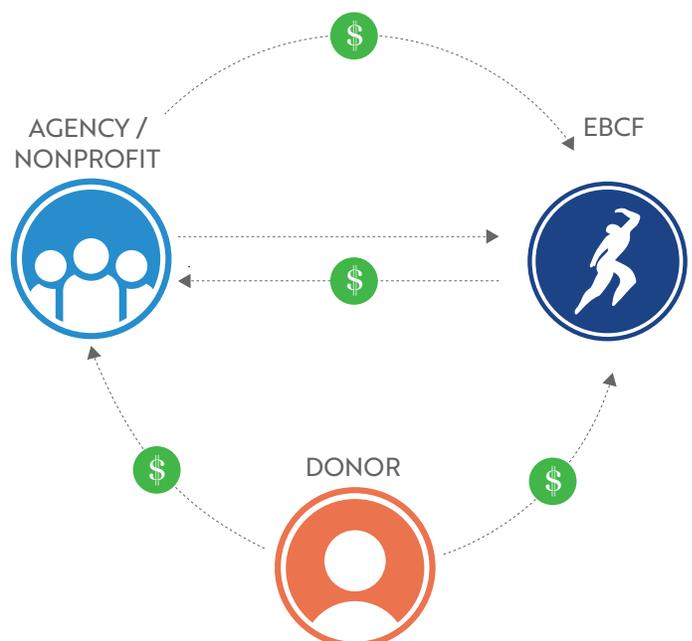
At a Glance

Agency Fund

- » Helps a nonprofit agency build an endowment
- » Accesses professional investment managers that might not otherwise be available
- » Allows the nonprofit organization more time to focus on their mission

How Does an Agency Fund Work?

- 1 Nonprofit organization establishes the fund
- 2 Donors of the nonprofit make contributions to the fund
- 3 The nonprofit organization makes contributions to the fund
- 4 Grants are typically made back to the nonprofit to be used for its needs



What Are the Tax Advantages of an Agency Fund?

- Receive the maximum tax deduction available in the year the contribution is made.
- Avoid capital gains taxes while realizing the maximum tax deductability of a donation with a gift of appreciated stock, real estate, or complex assets.

Considerations

- Contributions made to an Agency Fund cannot be gifts from which the donor receives a material benefit from the beneficiary nonprofit agency (e.g., dinner tickets, participation in golf tournaments, etc.).
- All contributions to the fund are irrevocable gifts.
- Full endowments allow for the organization to get an annual payout based on the spending policy established by EBCF.
- Expendable (non-endowed funds) allow the nonprofit organization access to all of the funds principal and income.

What Are the Account Minimums and Fee Calculations?

An Agency Fund may be opened with a minimum of \$50,000. Additional contributions may be made at any time thereafter.

Administrative fees are assessed quarterly and are generally 1% of the assets in the fund.

Administrative fees charged to funds cover general operating costs for gift establishment, receipt of assets and contributions, grants and fund administration, and EBCF's other charitable purposes. Investment management fees related to the foundation's investment pools are also charged.

Additional fees may be charged or mutually agreed upon for other services rendered on behalf of a fund.