

Agency Fund

A Vehicle for Long-Term Investment

A nonprofit organization can establish an agency fund to help build an endowment or **focus on long-term asset building**. Agency funds can be endowed or expendable. Gift planning and endowment building are key components to **long-term financial sustainability** and agency funds can aid in that effort.

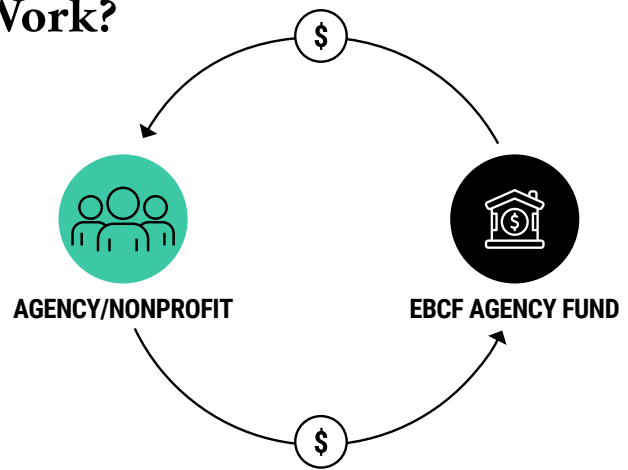
Several local nonprofit organizations have established agency funds at East Bay Community Foundation, which allows them to **focus on their mission** rather than investment management. Creating a fund at EBCF also provides access to the services, events and technical assistance offered by our professional staff.

AT A GLANCE

- » Nonprofit organizations establish agency funds.
- » Use an agency fund as a vehicle for long-term investment.
- » Spend less time managing investments and more time focusing on mission.

How Does an Agency Fund Work?

- 1** The nonprofit organization makes contributions to the fund
- 2** The nonprofit organization can choose to invest funds in any of the six investment pools available at EBCF
- 3** Grants are made back to the nonprofit to be used for its needs



Benefits of an Agency Fund

Focus: The nonprofit organization delegates investment management responsibilities to EBCF and can focus on its mission-related work.

Flexibility: An agency fund can accept a variety of assets at fair market value, such as real estate, closely held stock, cryptocurrency, etc., though these do require approval by EBCF's board of directors.

Options: Agency funds can be designated as either expendable or endowed. They can be used entirely to support the mission of the nonprofit organization and distributed back to the nonprofit organization on an as needed basis. Or the funds can be endowed in perpetuity with annual distributions based on EBCF's spending policy.

Tax deduction: Any donor to the fund is eligible for a tax deduction in the year the contribution is made.

Tax advantage: Donors to the agency fund can avoid capital gains taxes while realizing the maximum tax deductibility of a donation with a gift of appreciated stock, real estate, or complex assets.

Mission-aligned investment: EBCF has pledged to work towards 100% mission-alignment of its investments. The assets of any fund at EBCF will not be invested in companies engaging in extractive or harmful industries and most of EBCF's investments are either aligned to good environmental, social, and governance (ESG) standards and/or are managed by BIPOC and women investment managers.

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.
- » Endowed funds allow for the organization to receive an annual payout based on EBCF's spending policy.
- » Expendable (non-endowed) funds allow the nonprofit organization access to the fund's entire principal and interest income.
- » **Account minimum:** The minimum required to open an agency fund at EBCF is \$50,000. Additional contributions may be made at any time thereafter.
- » **Fees:** Fees are assessed quarterly and are generally 1% of the assets in the fund. Fees charged 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 EBCF's investment pools are also charged. Additional fees may apply if mutually agreed upon for other services rendered on behalf of a fund.

Get Started

To establish an Agency Fund, call our Development team at (510) 836-3223 or email development@eastbaycf.org.