



Cumberland Community Foundation, Inc.

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www.cumberlandcf.org

Organizational “Agency” Endowment Fund Management Guidelines

Cumberland Community Foundation (Foundation) provides nonprofit organizations the opportunity to create and grow their Organizational Endowment Fund at the Foundation. Starting your organization's endowment or placing your current endowment at the Foundation can be a simple, flexible and efficient way to achieve your endowment goals.

Placing your endowment funds at the Foundation reassures your donors that the funds earmarked for endowment purposes will be used for such and not spent down, knowingly or unknowingly by the future leaders of your organization. This builds donor confidence and may help you grow your endowment.

The following are guidelines and suggestions to consider before establishing your endowment at the Foundation.

1. The minimum balance required before granting from an Organizational Endowment Fund is \$10,000 which may be reached over a five year period. Contributions can be added to the fund at any time and in any amount.
2. All gifts to the Foundation are irrevocable. This includes the amount contributed by your organization to establish the Fund. The Foundation requires acknowledgment from your organization that its governing body understands that the gifts are irrevocable, as well as proof that your Board of Directors made this decision with a quorum and in compliance with your policies and procedures.
3. The Foundation will manage your endowment fund as a part of the Foundation's unitized investment pool. Your organization benefits from a diversified portfolio, professional money management and low fees. In agreeing to place the endowment fund with the Foundation, the organization agrees that the Board of Directors of Cumberland Community Foundation has the authority to modify or eliminate any restrictions on the fund should such designation, restriction or condition become illegal, unnecessary, undesirable, impractical or incapable of fulfillment. This is called variance power.

4. The system for grant distributions to the organization or beneficiary is determined by the fund agreement at the time of inception. The board of directors for the founding organization may establish the terms under which grant distributions will take place. It is important that the charitable purpose of the endowment remain as broad as possible in order to meet the future needs of your organization.
5. Cumberland Community Foundation does not engage in any fund raising events on behalf of organizations placing their endowment funds at the Foundation. The Organizational Endowment Fund may receive the *net proceeds* of any special event, such as golf tournaments, galas, dinners, raffles; however, the expenses for these events may *not* be run through the fund.
6. Cumberland Community Foundation does not accept any liability for activities, programs, or events of your organization. The founding organization should maintain its own insurance coverage at all times.
7. The investment portfolio will be determined by the Foundation. The organization cannot control the investments of the endowment. The investment results are not guaranteed and the investments may lose value.
8. The Foundation will establish a schedule for reports on the organization's fund. At minimum, the organization will receive Fund Statements as of 12/31 each year, annual notification of the amount available for granting, and scheduled notifications of all gifts added to the fund. Additional reports are available upon request.
9. The Foundation charges an administrative fee according to the Administrative Fee Schedule, which may change over the years at the Foundation's discretion. The fee since 1999 has been an annual charge of 1% of the fund balance up to \$500,000, then ¾% on the next \$500,000, and then ¼% on all balances over \$1,000,000. In addition, investment fees charged by the investment managers are passed on to the Fund. This currently averages less than 1/4% annually.
10. The Foundation will promptly acknowledge all donors' gifts to the fund, in writing and according to the requirements of the IRS and Foundation policies. The organization will be notified of those gifts promptly.

***For more information, please contact Cumberland Community Foundation, Inc.
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