



FACT SHEET

Information for Nonprofit Organizations

Many local nonprofit organizations have set up their own endowed funds with CFRBA. Learn why this option may be the right answer for your organization.

- 1. An endowed fund with CFRBA provides financial security for your organization:**
 - An endowment fund generates cash flow in perpetuity. The endowment principal can never be withdrawn; some of the earnings from the endowment – generally equal to 4% of the value of your fund – are available to your agency annually; and the rest of the earnings are used to cover minimal fund management expenses and to grow the fund.
 - It is managed by investment professionals who exercise fiduciary responsibility, ensuring that investment risks and returns are properly balanced over the long term.
 - It demonstrates your Board of Directors' long-term commitment to your organization's financial stability and mission.

- 2. Setting up a fund with CFRBA is easy and cost-effective for your organization and your donors:**
 - The paperwork required to set up a fund with CFRBA is simple, and no fees are charged.
 - CFRBA handles all accounting, IRS reporting, and donor acknowledgement letters and documentation needed for tax purposes.
 - Due to economies of scale in managing a number of endowments, CFRBA charges an annual administrative fee of only 1% of the fund's value.
 - CFRBA works with donors to ensure that their gift meets their estate and tax planning goals.
 - A minimum contribution of only \$10,000 is required to create an endowed fund, and your organization has five years to reach that \$10,000 amount.

3. A CFRBA fund can help your organization raise additional funds:

- Current and potential donors will recognize and appreciate your organization's focus on maintaining long-term financial viability.
- By having your organization's fund listed in CFRBA's materials and website, new donors will be encouraged to support your organization through contributions to your fund.
- Grant-makers provide more favorable consideration to organizations that have endowment funds and understand that the organization cannot tap this fund – as it could a “reserve fund” -- to carry out a project for which they are seeking outside grant funding.
- Some donors like to combine an endowment gift with a “pass-through” donation, which your organization can spend to support its current operations.
- Through a CFRBA endowment, your organization can accept gifts of life insurance or real estate, gifts made through bequests, and other complex donations.
- If your organization is still awaiting an IRS not-for-profit determination letter, donations to your organization may be made to a temporary fund you set up at CFRBA, allowing your donors to receive the maximum tax advantage on their donations.