



## **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 The endowment principal can never be withdrawn; some of the earnings from the endowment – generally equal to 4% of the value of your fund – are available to your agency annually; and the rest of the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.