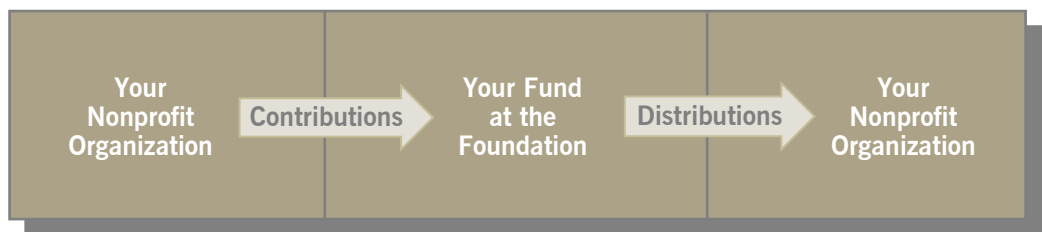


Strengthening the nonprofit sector is a fundamental aspect of Lakeshore Community Foundation’s philanthropic endeavors. In addition to providing grant support to nonprofit organizations through client designated funds, the Foundation offers a cost effective and practical way to provide for your long-term sustainability by managing agency endowment funds.

**Benefits of an Agency Endowment Fund:**

- An agency endowment fund demonstrates that you intend to serve the community for years to come. It is a commitment to hold the principal of a fund in perpetuity. You receive annual distributions from the endowment and maintain flexibility in how you use the distributions to support your mission.
- Investing your endowment with Lakeshore Community Foundation allows you to utilize professional investment expertise and efficiencies of scale to optimize your fund’s performance. You participate in a larger, highly diversified investment pool which can lead to greater growth, greater income, and lower investment fees. With a long-term growth perspective, the Foundation uses a diversified portfolio to maximize total return and minimize risk.
- An agency endowment fund increases the efficiency of your organization since Lakeshore Community Foundation handles the investment management and oversight, administration, and tax reporting. Your endowment is considered “an asset held by others” on your financial statements and a liability on the Foundation’s financial statements. You receive quarterly statements on your fund’s activities and are free to focus on your mission and fundraising.
- Lakeshore Community Foundation can help to assure that principal will not be invaded now and in the future via clearly defined parameters within your fund agreement. Therefore, your donors feel a sense of security and reliability that their gifts are being managed, for the long term, by a third-party organization that represents permanence within the community.
- You have Lakeshore Community Foundation as a partner in philanthropy since it highlights affiliated agencies in its communications to the public. As a result, you receive increased exposure to the Foundation’s client base and opportunities for collaborative public relations, helping you to reach a broader audience and possibly generate additional support.



LAKESHORE COMMUNITY  
Foundation

[www.LakeshoreCommunityFoundation.org](http://www.LakeshoreCommunityFoundation.org)

Sheboygan – 920.458.1920 • Manitowoc – 920.682.5222

**Who should have an endowment?**

A nonprofit organization committed to serving the community for years to come should consider building an endowment.

**Will having an endowment conflict with current donors' giving?**

It shouldn't. In fact, the addition of an endowment effort presented to donors will show that your organization is planning to stabilize its financial future. Annual giving and endowment building are two distinct opportunities for your donors. Experience demonstrates that dedicated donors do not choose among options to support their favorite charities but often participate in all opportunities.

**Can we manage our endowment ourselves?**

You could, but why would you want to? Managing an endowment consumes staff and board time that could otherwise be focused on your organization's mission and fundraising. Lakeshore Community Foundation's efficiencies of scale provide your organization the benefits of a diverse investment portfolio and low investment fees that typically come only with very large funds.

**How will our assets be disbursed?**

When you establish an agency endowment fund, a customized fund agreement outlines your agency's intentions with regard to distributions. Unlike a private foundation, a fund with Lakeshore Community Foundation is not required to distribute five percent of its assets annually. Therefore, you may reinvest income not currently needed so your endowment grows even faster.

**Can we liquidate the fund?**

You can liquidate all assets in your fund, at any time, as a distribution to your agency. To liquidate, just submit a written request that outlines the reason for liquidation. Your fund agreement will require specific board action (e.g. board majority for approval), therefore, appropriate documentation must be included with the request. The Foundation's Board of Directors, as fiduciary, reviews your request for compliance and approves the liquidation.

**What happens to our endowment if our organization goes out of existence?**

You may liquidate your fund or redirect distributions to another qualified charitable organization identified within your fund agreement.

**How do we start an endowment?**

An agency endowment can be started with contributions from your organization's unrestricted dollars or with funds raised specifically for endowment. You determine the amount your organization would like to invest in an endowment and then work with our staff to complete a fund agreement. The minimum amount to establish a fund is \$100,000.00. However, your organization can grow a fund if the fund is established with at least \$5,000.00 and a commitment to reach the \$100,000.00 threshold within five years. You can add any amount to your endowment at any time. We handle all the investment and administrative details and make distributions, from your fund, to your organization annually.

**Can anyone make a contribution directly to our endowment fund?**

Contributions to your organization's endowment fund with the Foundation can be made in any amount, at any time, by your organization only. Therefore, donors who wish to support your endowment should make their gifts directly to your organization, specifically for the benefit of your endowment. Your organization then transfers those gifts to your endowment fund at the Foundation.

**Is an endowment the same as a planned giving program?**

No. An endowment is a commitment to hold the principal of a fund in perpetuity. Many gifts that go into your endowment will likely be planned gifts, for example, bequests, retirement assets, and life insurance policies.

**Who legally owns the Agency Endowment Fund?**

The IRS requires that funds held with a community foundation be legally considered assets of the community foundation. However, an agency fund is classified as an asset held by others on the agency's Statement of Financial Position and as a liability on the Foundation's Statement of Financial Position. The nonprofit organization has the ability to liquidate the agency fund at any time.