



Create A Fund Overview

Many donors - individuals, families and businesses - wish to establish named funds with Central Kansas Community Foundation. An endowment is a fund in which the principal is invested in perpetuity and only the net income is distributed annually. This allows your gift to benefit our community forever. We also support donors in establishing expendable and special project funds.

Establishing a fund allows you greater flexibility as to how you would like your gift designated and which organizations or causes you want to support. There are several options for donors wishing to start a new fund:

Fund Options

Agency Fund (Options)

Agency Endowment: Your organization revocable authorizes the Foundation to manage the money in its fund. Your organization can request and receive the entirety of its assets back at with mutual approval between both boards of directors. The fund is recorded on your organization's books as an asset and on the Foundation books as an asset and a liability. All contributions to these funds must come from your organization directly. We cannot accept charitable gifts from individual donors to Agency Endowment Funds.

Strict Endowment: Your organization irrevocably gifts the fund and all future earnings to the Foundation in perpetuity. An annual payout consistent with our spending policy is designated to your organization. This option is best for organizations that want to assure donors that the endowment's principal will not be invaded, or those that want to honor a donor's bequest of an endowment fund. The Foundation can accept charitable gifts from individual donors to this type of Agency Endowment Fund.

Current Agreement from 2012 – is an Agency Endowment with ability to distribute greater than annual spending policy value with mutual board approval.

Options to Consider:

1. *Keep Agency Endowment with a modification of the agreement to come up to compliance on policy standards.*

Pros

- *It is already in place, modification agreement is easy to compete*
- *Agency can contribute contributions to the fund from surplus*

Cons

- *No one other than agency can contribute to this fund without risk of losing flexibility for distribution*
 - *May not provide you what you want in fund development if only update this fund – may want to add a Designated Fund for Agency.*
2. Convert Agency Endowment to a Strict Agency Endowment approach.

Pros

- Ability to maintain a secure endowment for the HHS.
- Other contributors than just the Agency can give.

Cons

- Loss ability to have flexibility of distribution greater than annual spending policy

Designated Fund

A Designated Fund is established for a specific organization, fund, or charitable purpose of your choice.

If Halstead Historical Society wished to convert their existing Agency Fund into a Designated Fund:

Pros

- *Allow anyone including the HHS to make contributions*
- *Continues to be invested in co-mingled investments*
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Cons

- *The Agency Fund distribution exceptions for alternative distributions no longer apply (i.e. Agency could not take more than maximum annual distribution of Foundation spending policy, currently 5%)*

If Halstead Historical Society wished to establish a new Designated Fund, while keeping Agency Fund:

Pros

- *Allow Agency to have the Agency Fund for a greater than distribution of spending policy if a capital renovation or financial hardship*
- *Allow a vehicle for donors in community to contribute to (Agency funds do not allow this)*
- *Double exposure in self promotion – show that agency committed to self-sustaining and also have vehicle for donor support of a cause they believe in*

Cons

- *Two funds to review in meetings (I am stretching)*

Donor-Advised Fund

Donor-Advised Funds allow you to make recommendations on distributions on an annual basis.

Field of Interest Fund

A Field of Interest Fund enables you to specify an area of interest, such as education or the arts. The foundation board of directors' reviews community needs and makes distributions to benefit projects or causes in that specified area.

Scholarship Fund

A Scholarship Fund is established to support individual students in their educational endeavors. As the donor, you may help designate the criteria used in selecting recipients of the scholarship funds.

Unrestricted Fund

By starting an Unrestricted Fund, you allow the foundation board to be flexible and proactive in meeting the changing needs of the community.

For questions or more information about starting a new fund, please contact:

Angie Tatro

Phone: (316) 283-5474

Email: angie@centralkansascf.org

Additional Advantages to Non-Profit, Agency Fund:

There are numerous advantages to a nonprofit fund:

- **Low investment costs:** Our large investment portfolio reduces the costs that individual funds incur.
- **Oversight:** It is our fiduciary duty to ensure prudent investment of your assets. A highly experienced investment committee, consultant and staff oversee investment activity.
- **Transparency:** Statements, investment holdings, performance and total costs are reported quarterly. Monthly investment returns are available online. You can access your nonprofit fund information 24/7 through our easy and secure online portal.
- **Access:** You gain access to a diversified group of high quality, institutional investment managers not regularly available to most investors.
- **Presentations:** Foundation staff will provide presentations to board and other agency constituents regarding your fund(s).
- **Compliance:** We support your finance staff with necessary data for financial reporting and disclosures.