

COMMUNITY FOUNDATION OF SOUTHERN WISCONSIN, INC.

26 S. Jackson Street, Janesville, WI 53548
608.758.0883 or 800-995-2379 608.758.8551 (fax) info@cfsw.org

Ways We Can Help Organizations

Board members of not-for-profit organizations realize the need to establish stable, predictable sources of income. Just when an organization is needed most by the community, the competition for funds from private, philanthropic and government resources is stronger than ever before. Many organizations are now considering a “funding mix” which will provide financial stability for the future.

An *organization endowment fund* at the Community Foundation can act as an income stabilizer. Like personal savings, a permanent endowment fund for an organization can provide a reliable source of additional income each year. This permanent pool of assets generates income and grows over time.

Using the Community Foundation of Southern Wisconsin

The Community Foundation can help in establishing and growing an organization’s endowment. Classified for tax purposes as public charities, community foundations exist to manage permanent funds given by donors for the benefit of a specific charitable cause or for the general welfare of the community. A community foundation is often described as a pool of endowed assets.

The Community Foundation can do many things – one is to hold and manage an organization’s endowment fund. In doing so, the Foundation offers these advantages.

- ♦ The fund enjoys the advantage of being invested in a larger pool of assets, which can lead to greater growth, greater income, and lower investment fees.
- ♦ The Foundation handles investment management and oversight; all accounting and financial reporting; and the annual audit.
- ♦ The organization receives a distribution annually according to the Foundation’s Spending Policy.
- ♦ All gifts to the fund are designated for the organization’s use only. While co-mingled for investment, the organization’s fund will not be used for other purposes.
- ♦ The organization’s endowment fund receives exposure on the Community Foundation’s website reaching more, and perhaps different, donors than those on the organization’s current list. Donors to the Foundation may designate their gifts to be added to your organization’s fund.

(Over please)

- ♦ The Foundation sends the organization a quarterly statement containing information on the fund's activities. Fund representatives are welcome to call with questions at any time.
- ♦ All gifts are tax deductible at the highest levels allowed by law.
- ♦ The Foundation thanks all donors, using appropriate tax related language, and informs your organization about all gifts.

Things You Should Consider

All in all, the Community Foundation is an excellent vehicle for developing an organization's endowment with maximum advantage. A few important items to be considered about an organization endowment are:

1. The IRS requires that funds within a community foundation be considered assets of the foundation, otherwise the foundation would operate like a bank. While all gifts to an organization's endowment are designated only for the use of that organization, and it receives distributions each year, the organization cannot:
 - ♦ spend the principal at will (the organization would not do this anyway where the funds are held as a true endowment),
 - ♦ remove the funds from the foundation unilaterally,
 - ♦ direct how assets in the endowment fund are invested.

In other words, the organization receives the benefits of the income on all gifts to its endowment fund, but does not manage the fund itself.

2. The Foundation invests all its funds with both growth and grants in mind. An organization should expect long-term growth and a reasonable return but not wildly speculative risk or unusually high income.

If you would like more information or if we can be of help in any way, contact Sue Conley at the Community Foundation of Southern Wisconsin at 758-0883 or 1-800-995-2379.



Confirmed in Compliance with National Standards for U.S. Community Foundations