



# NONPROFIT AGENCY ENDOWED FUNDS

## WHAT ARE THE BENEFITS OF AN ENDOWMENT FUND?

**Ensures** your long-term success, providing your donors with even more confidence in your organization.

**Alleviates** the burden of investing and administrating your endowment. Your assets are invested to achieve long-term capital growth while a portion of your fund will be distributed annually to your organization for vital programs and operations.

**Offers** your organization the ability to accept complex assets such as stocks, real estate, and mutual funds into your fund.

**Provides** your organization with expertise in local philanthropy and a dedicated partner focused on helping you achieve your long-term goals.

**Expands** your audience for contributions.

## WHY ESTABLISH AN ENDOWMENT FUND AT CFAAC?

### PERMANENCE

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Building a permanent endowment is a critical step in ensuring your nonprofit's long-term success. An endowment fund at CFAAC will assure your donors that they are contributing to a stable, growing organization, and to a purpose that will endure forever. If your organization should ever cease operations, CFAAC will redirect the income of the endowment to a nonprofit with a similar purpose.

### INVESTMENT EXPERTISE

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Nonprofit Agency Endowed Funds are invested in CFAAC's Long-Term Growth pool for maximum return with reasonable financial risk. Your organization's endowment is pooled with the overall assets of CFAAC, which reduces investment management costs and allows exposure to sophisticated investment vehicles. Over time, your endowment should grow as the result of better-than-average investment results and low management fees.

## EFFICIENCY

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An Agency Endowed Fund can be established with a minimum of \$25,000. Your organization can add to the endowment at any time. The fund can be named after your organization, in honor of a major donor, or another name that reflects your organization's mission.

Your organization's endowment monies are safeguarded to meet the future needs of the organization. CFAAC will manage your fund, report to the IRS and the State of Maryland, prepare quarterly statements, and distribute income to your organization. The assets in the endowment continue to be recorded on your organization's balance sheet even though they are legally held and managed by CFAAC.

Your organization will receive quarterly financial reports on the status of the endowment, including gifts, grants, fees, and investment returns. You will also have access through the online portal to review the status of your fund at any given time.

## INCOME

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An endowment provides a constant source of income for your organization. Distributions to your organization are made annually according to CFAAC's spending policy.

CFAAC's current spending policy rate is 4%. All income above fees accrues to your endowment. You may elect to receive your annual distribution or reinvest it to the principal to allow for continued growth.

## VISIBILITY

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Through CFAAC's promotional efforts, your organization's endowment will be publicized throughout the community. Your organization will also become a CFAAC partner for community fundraising efforts such as Endow Maryland.

*The **Endow Maryland** tax credit applies only to gifts to permanent, endowed funds at qualified Maryland Community Foundations.*

***"We knew our Endowment Fund would be well-managed by a professional organization with a great reputation in the community."***

***- Marhsa Legg,  
CEO, Opportunity Builders, Inc.***

***"In addition to financial stability, endowments also help nonprofit organizations achieve legitimacy. Like a solid planned giving program, a nonprofit with an endowment signals stability and authority to donors."***

***"An endowment shows that a nonprofit is not only serious about achieving its mission, but is also financially savvy and in it for the long haul."***

***-PlannedGiving.com***

***"Creating an endowment can be an important strategy to set aside funds for the future, and may be a hallmark of financial sustainability."***

***-National Council of Nonprofits***

**TO LEARN MORE, PLEASE CALL US AT 410.280.1102  
OR VISIT OUR WEBSITE WWW.CFAAC.ORG.**