



Agency endowment fund frequently asked questions

The Greater Milwaukee Foundation is proud to manage more than 90 endowments for agencies in Waukesha, Washington,

Ozaukee and Milwaukee counties.

We recognize that your agency's endowment is your future. This makes the decision on the oversight of these assets a big one. We hope these frequently asked questions will answer many of your concerns, but we are happy to provide you with any additional information you may need.

What is an agency endowment fund?

An agency endowment fund is established by a nonprofit for investing its endowed or nonendowed assets. These funds then provide a stream of revenue directly back to the nonprofit.

How will the assets be disbursed?

It is the Foundation's goal to fulfill the donor's intentions. Your agency's intentions will be defined by the gift agreement prepared when you establish your fund. This customizable agreement will spell out such things as:

- Who will receive the income distributions from the fund – your agency
- If you wish to take distributions beyond the annual income
- How you, as a board, will make that decision

Unlike a private foundation, a Foundation fund is not required to distribute 5 percent of its assets annually. This means you can reinvest any income not needed in any given year to grow your endowment even faster. You may also take distributions beyond the recommended spending limit at any time.

How are these assets treated from an accounting standpoint?

The Foundation reports agency endowments in accordance with the Financial Accounting Standards

Board Statement No. 136. Agency endowments are considered an asset (held by others) on the nonprofit's financial statements and classified as a liability for the Foundation's financial statements.

Can we liquidate the fund?

If you include access to principal in your gift agreement, you will have the right to liquidate all assets in your fund at any time to your agency in the form of a grant payment from the fund.

In order to achieve the liquidation, the Foundation must receive, in writing, your request to liquidate the fund through a grant payable to the agency. If your gift agreement requires a specified board action (e.g. board majority for approval), appropriate documentation must be included with the request. The Foundation Board, as fiduciary, will then review the request and approve the liquidation. Board approval is required for this type of request to ensure that the funds are being used responsibly and for the purposes outlined by your board in the gift agreement.

What are the advantages of investing our endowment with the Foundation?

The Foundation is a popular choice for the management of agency endowments for many reasons including:

- Agency assets are pooled with Foundation assets giving them greater investing clout. With hundreds of millions of dollars in assets, we have access to world-class money managers at very competitive rates
- The Foundation's nearly 100-year history of stable growth and stewardship conveys an added sense of security and reliability to your donors
- By investing your endowment with the Foundation, you also have access to our depth of planned giving expertise and our deferred giving programs such as charitable gift annuities.

For more information, please contact:

Jedd Lapid
Development officer
101 W. Pleasant St., Suite 210
Milwaukee, WI 53212
414.272.5805
jlapid@greatermilwaukeefoundation.org