



FAQ about Agency Funds

What is the purpose of an agency endowment fund?

Agency funds provide a long-term, dependable source of operating revenue to nonprofits.

Why set up an agency endowment fund?

Having an endowment fund shows potential donors the nonprofit is serious about its sustainability. It also provides a vehicle for a nonprofit's donors to make planned or legacy gifts. ACF can accept many different types of gifts for the endowment fund such as retirement accounts, gifts of real estate and stock transfers. See the *Gift Acceptance Overview* for more details.

Many donors are also more comfortable knowing that the nonprofit is not actively managing its endowment fund and is instead focusing on its mission while a professional third party oversees the investments and ensures that the endowment is not raided for new projects.

Can the nonprofit dissolve the fund if there is an emergency and the funds are needed?

It depends on the emergency. An agency can petition the ACF Board of Directors to dissolve their endowment fund, and return the assets to the nonprofit. However, such a request would only be granted in extreme circumstances. New leadership frequently questions the value of an endowment fund, preferring instead to use the funds for a capital project, new program or even general operating support. This policy protects the endowment, and the donors who give to it expect their gift will be forever.

Is fundraising for an agency fund permitted?

Yes. We encourage nonprofits to let their donors know that they have an endowment fund with ACF. ACF staff is always happy to meet with a potential donor. For fundraising campaigns, please read the handout *Fundraising Policy Summary*.

When can a nonprofit start receiving disbursements from its fund?

Generally endowments can begin making grants after the first year. The amount available is calculated by the spending policy.

Do grants have to be made every year from an agency fund?

No. Many agency funds start small, with the intention of growing for many years before beginning to receive disbursements.

What happens if the nonprofit ceases to exist or runs into trouble?

If the nonprofit simply ceases to exist, the ACF Board would look for the next best use of the funds in keeping with the nonprofit mission. This could be transferring the endowment to another agency doing similar work, or establishing a field of interest fund for grantmaking in the same area served by the nonprofit.

How does a nonprofit ask for disbursements from their fund?

Fill out the *Disbursement Request Form* and return it to ACF or set up to have automatic annual disbursements. Requests can be submitted by mail, email or fax but a signature is necessary.

Please contact your program officer for additional information.