



ADVISED FUNDS FOR NONPROFIT ORGANIZATIONS

Nonprofit organizations with volunteer boards want to focus on programs – not asset management. With an agency advised fund, the Connecticut Community Foundation can help.

An agency with fully accredited 501(c)(3) status may establish a nonpermanent advised fund at the Connecticut Community Foundation to support its work and mission. The assets of your fund will be invested in the Foundation's endowment pool. Your agency will still have access to your fund's principal. Your agency, through an advisory committee, may request grant distributions back to itself for specific purposes or initiatives that support the work and mission of the agency.

WHY ESTABLISH AN AGENCY ADVISED FUND?

Long-term Fund Management – An agency advised fund is a powerful tool for non-profit organizations looking for a vehicle that will help them build assets and, potentially, encourage donors to direct more of their charitable dollars to the organization.

Increased investment power – Consolidated investment management provides a good return with lower administrative costs through economies of scale. Your funds share the investment clout of the Foundation's endowment. Your agency benefits from the knowledge of our investment committee and the expertise of our world-class fund managers.

Reduced record keeping – The Connecticut Community Foundation handles all audits and reports.

In addition, the Foundation tracks contributions and grants to and from the fund, and issues donor receipts and acknowledgements for contributions.

Donor confidence – Our trusted, experienced management and investment team inspires confidence with potential donors. Donors know their money will be managed professionally.

Donor access – Foundation donors can give to your fund.

Donor convenience – This can be especially important for year-end contributions and situations when stock or real estate is being sold and time is of the essence.

Reporting ease – The Connecticut Community Foundation provides regular reporting to your agency on the performance of your fund.

Low administrative fee – The fee charged to agencies by the Connecticut Community Foundation for managing their advised fund is 1% of the fund's market value plus the investment management fee.

CONTRIBUTIONS

A minimum contribution is required to establish an agency advised fund at the Connecticut Community Foundation. After the initial contribution, gifts of any amount can be added to the fund at any time. Donations are tax deductible to the full extent of the law.

ADVISORS

Your agency may name up to three officers, trustees or directors to serve on an advisory committee to

recommend grants from the fund back to the agency.
This advisor privilege is exercised jointly, with one individual designated by the agency to submit written recommendations to the Foundation.

GRANTS

Recommendations for grants from the advised fund may be for programs, projects and initiatives at the agency. A signed, written grant recommendation form must be presented to the Foundation for each grant request. In order to meet Treasury regulations for advised funds, the Board of Trustees cannot be bound by the advice of the advisors and must always maintain the right to distribute the funds in accordance with the charitable purpose of the Foundation. Grant requests will normally be reviewed once a month at scheduled meetings of the Board of Trustees.

DISTRIBUTION OF REMAINDER ASSETS

If the advisory committee releases its privilege of recommending grants, the remaining assets in the fund will be retained as a permanent designated fund of the Foundation for the benefit of the agency.

If the agency terminates or is no longer a qualified charitable organization, the remaining assets in the fund will be retained as a permanent fund for the benefit of organizations with a purpose similar to that of the agency.

INVESTMENT OF CONTRIBUTIONS

Contributions to an advised fund are used to purchase units in the Foundation's endowment fund pool, which is invested in a balanced portfolio. The actual rate of return on the endowment will fluctuate with market conditions. The advised fund will receive a proportionate share of the endowment fund's investment return quarterly.

FEES

For advised funds invested in the endowment fund pool, an annual investment fee and an administrative fee are charged quarterly based on the market value of principal assets. The fee structure is subject to annual review and modification by the Trustees.

LEGAL AND ACCOUNTING TREATMENT OF ADVISED FUNDS FOR NONPROFITS

All advised funds for nonprofit organizations are assets of the Connecticut Community Foundation under the control of the Foundation's Board of Trustees. The Financial Accounting Standards Board's Statement of Financial Accounting Standard No. 136, Transfer of Assets to a Not-for-Profit or Charitable Trust that Raises or Holds Contributions for Others, establishes accounting standards for the reporting of transactions in which a nonprofit organization (such as a community foundation) accepts contributions from an agency and agrees to transfer those assets and any return on those assets back to the agency. Under FAS 136, the advised fund contributed by the agency is considered a reciprocal transfer because the agency is also the beneficiary. Although the assets contributed by the agency, and any return on those assets, are still reported as assets of the Foundation, the Foundation is required to report an offsetting liability representing the present value of the future distributions expected to be made to the agency. In turn, the agency continues to list the contribution and any return as assets of the agency. The Foundation provides agency advised fund financial statements annually.

