

# DULUTH SUPERIOR AREA COMMUNITY FOUNDATION ORGANIZATIONAL ENDOWMENT FUNDS

The Duluth Superior Area Community Foundation is an excellent vehicle for developing an organization's endowment with maximum advantage. Nonprofit organizations realize the need to establish stable sources of income. Competition for funds from private, philanthropic, and government resources is stronger than ever. Many organizations realize it is important to establish a mix of revenue sources which will provide financial stability for the future.

An **Organizational Endowment Fund** with the Community Foundation can act as an income stabilizer. Like personal investments, a permanent fund for an organization can provide a source of additional income each year. This permanent pool of assets generates income and grows over time.

## *Why the Community Foundation?*

We provide a natural setting for permanent gifts, many of which can be complex in nature. Other benefits include:

- Allows your organization to focus on its mission and other priorities.
- Assures donors their conditions are perpetually met -- the fund agreement provides direction for the fund's use.
- Protection of your permanent assets from possible future Board neglect, shortsighted invasion, or improper use -- the Community Foundation serves as the guardian of the fund.
- 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 Community Foundation handles investment management and oversight, all accounting and financial reporting, and the annual audit for funds held.
- The nonprofit organization receives regular distributions from the fund according to the Community Foundation's Spending Policy.
- The Community Foundation sends fund statements containing information about the fund's activities during the preceding period.
- All gifts to the fund are designated for the organization's use only. While co-mingled for investment, your organization's funds will not be used for other purposes.
- The nonprofit organization's endowment fund receives exposure in the Community Foundation's annual report and website reaching new donors.
- Donors to the Community Foundation may designate their gifts be added to your organization's fund.
- Gifts are tax-deductible at the highest levels allowed.
- The Community Foundation thanks donors for all gifts, using appropriate tax-related language.

## *Things To Consider*

The IRS requires that funds within a Community Foundation be considered assets of the Community Foundation. The organization receives the benefits of the income on all gifts to its endowment fund, but it does not manage the fund itself. While all gifts to an organization's endowment fund are designated only for the use of that organization, and it receives regular distributions, the organization cannot:

- spend the principal
- remove the funds from the Community Foundation
- direct how assets in the endowment fund are invested

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

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The Duluth Superior Area Community Foundation promotes private giving for the public good. The Community Foundation is a permanent community endowment, built by gifts from hundreds of individuals and organizations. Guided by a Board of volunteer civic leaders, the Duluth Superior Area Community Foundation makes grants to nonprofit organizations and to individuals for scholarships and provides leadership on important community initiatives in northeast Minnesota and northwest Wisconsin. Since its inception in 1983, they have distributed over \$74 million and currently hold over 470 different funds, each with its own charitable purpose. Learn more at [www.dsacommunityfoundation.org](http://www.dsacommunityfoundation.org).