



[Agency Endowment Fund FAQ](#)

1. What is the Community Foundation of Northeast Iowa (CFNEIA)?

- Public charitable 501(c)(3) tax-exempt nonprofit organization headquartered in Cedar Falls, IA.
- Established in 1956 as a civic foundation but grew to a Community Foundation in 1993.
- Currently has 24 county/community [affiliates](#) and covers 20 counties across Iowa.
- Administers over 800 charitable funds with nearly \$90 million dollars in total assets.
- Meets [National Standards for U.S. Community Foundations](#), a national accreditation which allows donors to take advantage of the [Endow Iowa 25% state tax credit](#) and for affiliate counties to receive gaming dollars to disburse to local nonprofit organizations.
- Granted over \$6 million dollars to nonprofit organizations/projects in 2018.
- Has a staff size of 12.

2. What is an endowment fund?

- A fund that is invested with only the interest being used in the form of grants. The principal is protected ensuring the fund will produce grants for its intent, forever.
- An endowment fund helps provide long-term financial support.

3. Why would a nonprofit establish an endowment fund with the Community Foundation?

- Endowment funds are a nonprofit organizations best practice to ensure sustainability by providing a reliable, steady stream of income for as long as the organization is in existence.
- The Community Foundation's economies of scale provides nonprofits the benefits of a diverse investment portfolio and low investment fees.
- The Community Foundation can facilitate complex forms of giving including appreciated stock, real estate, grain, or charitable gift annuities to name a few.
- The Community Foundation handles the investment and administrative responsibilities related to the endowment fund so the nonprofit's staff and volunteer hours are concentrated on fulfilling the organization's mission. This includes an annual audit of the fund, acknowledgement to the donors to the fund, reporting to the IRS, investing of assets, overall control and oversight of the fund.
- Nonprofits can offer donors an options that best suits their giving goals, with an added tax credit they can't get anywhere else.

4. How much is needed to establish an endowment fund?

- Any amount can be used to establish the endowment fund but a minimum of \$10,000 in gifts is needed before the first distribution is available.
- The minimum of \$10,000 can be funded over a 3-year period.
- Once the minimum is met, the endowment fund is invested for a minimum of four quarters before the first distribution is available.



5. How does the endowment fund grow?

- Through interest earnings in excess of grant payouts and fees.
- Contributions from donors, businesses, and/or organizations. Also included are planned gifts from donors.

6. How is the money invested?

- The endowment assets are pooled together and invested across a diverse investment portfolio.
- The Community Foundation is focused on the long-term growth of our funds and continuously evaluates the investment performance in order to achieve a positive investment return.
- [Average rate of returns](#) and our [investment policy](#) are available to those seeking more information.

7. How much can be granted from the endowment fund each year?

- The current spending policy is 4% each year based on an eight quarter average. This means we look at the fund balance going back eight quarters, take the average fund balance over that period of time, and generate 4% off of that.
- The spending policy allows for consistent payouts as the market fluctuates.

8. What are the fees?

- Annual fees include a 1% administrative fee and prorated investment/audit fees to all endowed funds, totaling approximately 1.65%.

9. What are the tax advantages of contributing to an endowment fund with the Community Foundation?

- The state of Iowa created the [Endow Iowa 25% state tax credit](#) in 2003.
 - When an individual gives a gift to a permanent endowment fund with a qualified Community Foundation which benefits an Iowa charitable cause(s), they are eligible to receive a [25% Iowa state tax credit](#).
- In addition, the donor can deduct the donation from their federal income taxes.

**Individuals should seek the advice of a professional advisor regarding their particular situation.*

10. What types of assets can the Community Foundation accept?

- Cash, stocks, land, grain, estate/will designations, retirement assets, life insurance, charitable gift annuities, real estate, and [much more](#).



COMMUNITY FOUNDATION OF NORTHEAST IOWA

11. What assistance does the Community Foundation provide for fundraising?

- The Community Foundation will assist by providing a fund flyer specific to your fund, help in developing a plan to grow the fund, staff available for meetings and presentations, management of pledges to the endowment fund, and much more.

12. Can I access my fund activity at any time?

- You can access your fund anytime through our online funds portal to make grant recommendations, view fund statements, grant history, contribution history, and much more.
- Fund activity statements including fund balance and gains/losses are produced quarterly and provided to each fundholder.

13. If we establish a fund, will we still be eligible for grants from the Community Foundation?

- Yes, many of our nonprofit fundholders receive grants from the Community Foundation.

14. What are the steps to start an endowment fund?

- Your board determines how much you would like to invest.
- Your organization works with our professional staff to complete a fund agreement.
- Once the initial gift and fund agreement are completed, anyone can give to your fund.

Contact us at 319-287-9106 or info@cfneia.org for more information.