

The Role of the Woodbury Community Foundation

The Woodbury Community Foundation plays a very important role in engaging donors, connecting resources, and helping build community in ways that individuals and individual organizations cannot begin to imagine. For the Foundation to fulfill its mission, it helps facilitate charitable giving by identifying community needs, building relationships with mission-aligned organizations and prospective donors, and creating funds that support the work of organizations that are in our community or serve the residents of Woodbury in meaningful and impactful ways. For donors, the Foundation serves as a pathway that connects their personal passions to their philanthropy by creating vital connections between those organizations serving the community and those who want to help build it. The Foundation was created to serve the entire community and helps donors make informed choices about where their gifts can make the most impact by identifying individual or family goals for their charitable interests and making sure that they can be met by making reasonable choices.

Agency Funds – What are they?

Agency Funds can be established by nonprofit organizations who are looking to take advantage of the fund management capabilities of the Woodbury Community Foundation, allowing them to remain focused on the work that helps fulfill their mission. Funds can be either permanently restricted (endowments) while others can be temporarily restricted and can be accessed at any time (non-endowed). The Woodbury Community Foundation may hold agency funds from many different types of organizations including schools, churches, historical societies, and many other nonprofit organizations or organizations organized for charitable purposes.

Opening a fund can be very simple. The Foundation will meet with an organization's staff and leadership to understand the goals and objectives of the proposed fund, prior to its establishment. The goals and objectives are not determined by the Foundation, rather they should be approved by the organization's board prior to or soon thereafter from the initial conversations. Based on the objectives of the proposed fund, an agreement will be drafted which will lay out the legal understanding between the Foundation and the organization regarding the type and use of the funds and the schedule of distributions. The agreement is signed by leadership of both the Foundation and the organization.

What type of Fund(s) can an Organization open?

A fund generally take one of two different forms:

1. With non-endowed, temporarily restricted funds, both the principal and the interest may be used and distributed to the organization. There are generally three types of non-endowed, temporarily restricted funds: single payout, flexible payout, and pass through funds.
2. With endowed funds, only the income generated from the investment of the initial and subsequent contributions is distributed to the organization. This allows for the fund to operate in perpetuity.

How can contributions be made to an Agency Fund?

A fund may be established with an initial contribution of any amount. Permanently endowed funds of less than \$20,000 will be restricted from paying out grants until the threshold amount is met. Temporarily restricted funds will be accepted and distributions from those funds will be subject to the conditions set forth in the fund agreement(s). Contributions to any Agency Fund will be accepted in any amount, subject to the Foundation's Gift Acceptance Policy. An agency may have more than one fund.

How are Funds invested?

The Foundation takes great care when investing the assets of an organization. Funds are invested so that earnings and asset appreciation are available when the organization needs to use the funds based on the goals and objectives at the time the fund is opened. Assets from each fund is pooled with other funds that the Foundation holds for investment purposes. Currently, the Foundation invests funds in a professionally managed balanced portfolio and/or a money market fund that aligns with the objectives and risk tolerance that is determined by the Legacy Cabinet of the Foundation, annually. Fund holders will receive an annual statement of the fund's activity and performance each July after the end of the Foundation's fiscal year. Statements may be available quarterly upon request at the end of each quarter.

Making grants and distributions from Funds – how does that work?

Organizations may make distribution requests per the fund agreement, with a minimum distribution of \$250. Please note, organizational requests/recommendations are technically not binding as IRS rules require that the Foundation must recommend final approval of all distributions. However, the Foundation will, in all cases, rely heavily on the organization's wishes and as long as the distribution is allowable by law (and the fund agreement), requests will be granted.

How much will it cost my organization?

Fees on organizational funds are typically the lowest fees assessed by the Foundation. Currently, annual fees for maintain agency funds is 1% or a minimum of \$150.00. Additionally, the fund may be assessed any investment management fees, which are netted out of investment returns reported by the Foundation). Funds invested in the money market fund have not investment fees. Fees will be reviewed in detail prior to the opening of any fund.

What benefits are there to having an Agency Fund?

Organizations that open fund with the Woodbury Community Foundation receive a number of services and benefits.

1. **Gift Planning:** While organizations can make contributions to their funds at any time, the Foundation is also able to accept gifts to the fund directly from donors, should they choose. In some instances, this can be very helpful to organizations where donors may want to make gifts of non-cash assets such as appreciated stock, real estate, or other property. The Foundation can also be helpful to organizations and donors regarding various charitable giving options and choices that may help a nonprofit organization realize larger contributions from their donors.
2. **Investment Management:** Organizations are stretched thin as it is with their staff over worked and under resourced and volunteer time at a premium. The Foundation can provide a level of oversight that can free up an organizations staff and board time to remain focused on their mission specific responsibilities of operating and growing their organization. The Foundation's Legacy Cabinet works collectively with our investment advisor to oversee the investments and their performance to make sure that the allocation of the portfolio generates the desired returns.
3. **UPMIFA Compliance:** For permanently endowed funds placed at the Foundation, we work together to ensure compliance with the law that governs nonprofit endowments adopted by the state of Minnesota.
4. **Enhanced Visibility:** The Woodbury Community Foundation has been working very hard for the past decade to build reputation in the community that focuses on the well-being of all Woodbury residents. By partnering with a resource like the Woodbury Community Foundation, organizations can benefit from the Foundation's efforts to help build their potential donor's trust and awareness of their organization.