

Designated Nonprofit Funds Q & A

Designated Nonprofit Funds at CFHZ create opportunities for donors to sustain local charitable organizations by creating a professionally managed endowment at CFHZ in support of the organization's long-term objectives and programs. A perpetual source of financial stability is offered in the form of yearly revenue grants from the income earned on the endowment.

CFHZ provides professional investment management and administration services, allowing the nonprofit organization to focus on their mission.

What is the minimum size of a Designated Agency Fund?

CFHZ requires a minimum of \$10,000 to start a Designated Agency Fund. This fund minimum may be built over a multi-year pledge.

How much will the designated charity receive annually?

The annual spending policy is calculated each year based on 4% of the average daily balance of the fund from the most recent 12 quarters (3 years). CFHZ determines the upcoming year's spending amounts following the end of the third quarter in the previous year (September 30). We notify agencies in the new year of the amount available for that year. The nonprofit may receive the spending amount available for distribution, request the spending amount be carried over as non-endowed funds for distribution in a future year, or add the spending amount to the permanent principal endowment fund balance for long-term investment and growth of the endowment.

Will the designated charity ever be able to access all the assets in the fund?

No, unless you want them to. Establishing a Designated Agency Fund directly with CFHZ means that your gifts are held by CFHZ in an endowment for long-term investment outside the control of the agency. This gives you the comfort of knowing that your gift will always meet the charitable purpose you intended. If you wish to have a Designated Agency Fund "spend down" over a certain length of time, we are happy to distribute the funds over your specified period of time.

Can I designate a specific program within a charitable organization to receive funding?

Yes. If there is a specific aspect of the organization's work that you want to support, you can provide for the fund to do so at the time the fund is established. We will make sure that all future distributions go to support that specific program.

Can I change the charity benefiting from my Designated Agency Fund after it has been established?

No. Once the fund is established to benefit a specific charity, the proceeds must always benefit that charity unless the Board of Trustees of CFHZ determines that the charity's activities are no longer consistent with the charitable purposes the original donor intended to support.

“A Nonprofit Fund allows you to continue to support its mission in your name forever.”

What happens if the designated charity ceases to exist?

If the charity designated as the recipient of your fund ceases operations, CFHZ's Board of Trustees will identify a different charity to receive future distributions whose mission is as closely related as possible to the original organization.

How is the fund invested?

The Board of Trustees has the ultimate responsibility for CFHZ's investment portfolio. The Board has delegated that responsibility to CFHZ's Investment Committee for implementing and ongoing monitoring of CFHZ's investment policy. The Investment Committee meets bimonthly and is comprised of local business and financial leaders in our community. The Investment Committee selects custodians and financial advisors to manage CFHZ's investment portfolio. A complete investment profile is available upon request. CFHZ is audited annually, and its report as well as the Form 990 or 990-T are available upon request or on our website as PDF files.

What fees are charged to my fund?

Each fund held by CFHZ is charged an administrative fee to help cover the operational costs of CFHZ. The administrative fee is set by CFHZ's current fee schedule. As of 2015, the fee for Designated Agency Funds ranges from 0.75 – 1% annually, depending on the size of the fund. Administrative fees are assessed quarterly, based on the market value of the fund.

Will I receive an accounting of my fund's activities?

Yes, you and the designated agency benefitting from the fund will receive quarterly financial reports for the fund. In addition, you may call CFHZ office at any time for a current balance. In addition to accounting activity, CFHZ maintains records of past grants distributed from the fund and gifts received into the fund.