



## Organization Endowment Fund Descriptions

**WACOSA Permanently Restricted Fund:** This fund is a permanently restricted fund, meaning donors make donations to this fund with the intention that their gift be invested and used in perpetuity. Currently gifts to this fund are gifts left in wills/trusts that are unrestricted. It is WACOSA's policy\* to set aside any unrestricted estate gifts and bequests in this fund. The distributions from this fund are unrestricted for general operations. Anyone can make gifts to this fund.

**WACOSA Board Designated Fund (not active):** This fund, established by the Board of Directors, would be an unrestricted fund (meaning both the corpus and the distributions are used for general operations). Because these are funds the board could set aside, the Board could also decide to use these funds for any special need. Typically gifts to this fund would be gifts left in wills/trusts that are unrestricted. WACOSA's policy\* allows the Board to establish a "quasi-endowment" to set aside any unrestricted estate gifts and bequests in this fund. The foundational belief is that estate gifts are special gifts that should be used for special purposes. The benefits of a "Board Designated Fund" versus a "Permanently Restricted Fund" is the flexibility in use of the funds while still honoring the intentions of the donor. Anyone can make gifts to this fund.

**Individually Named Endowment Fund (NEF):** NEF's can be created by donors in a variety of ways. This could be through outright gifts during their lifetime, through some form of estate gift/bequest or a combination. NEF's are permanently restricted, meaning donors make donations to this fund with the intention that their gift be invested and used in perpetuity. The donor may designate the annual distribution to be used for a specific purpose; the most common designation is for general operations but could include continuing education scholarships for staff, transportation, or specific program.

\* Described under "Legacy Restrictions" section of the *Gift Acceptance Policy & Procedures*.

# WACOSA Endowment Fund

Endowments are designed to keep principal gift amounts intact while only using the investment income for charitable efforts.

The **WACOSA Endowment Fund** is administered by WACOSA and invested by the Central Minnesota Community Foundation (CMCF) in accordance with approved guidelines from the WACOSA Board of Directors. Currently, the board approved the “Moderately Conservative Investment Pool” (approximately 40% Equities/60% Fixed) used by CMCF.

The earnings and the annual income made available for distribution from the **WACOSA Endowment Fund** will also be determined by policies as defined by the WACOSA Board of Directors.

## **Named Endowment Fund (NEF):**

1. NEFs are a subgroup within the WACOSA Endowment Fund.
2. A minimum gift or pledge of \$20,000 will establish a NEF.
3. As an endowment fund, the corpus of the original gift, and any future gifts, will not be spent. The earnings attributable to the NEF and the annual income made available for distribution from the NEF will be determined by policies as defined and approved by the WACOSA Board of Directors. Fund assets that are not distributed in a given year shall continue to be held in the NEF.  
**NOTE: No distributions will be made until one full calendar year after a NEF is fully funded.**
4. The NEF will be administered by WACOSA and invested by the Central Minnesota Community Foundation (CMCF) in accordance with approved guidelines from the WACOSA Board of Directors. The assets of the NEF may be commingled with other WACOSA endowment assets for purposes of investment. Separate records and accounts will be kept for receipts and disbursements of the NEF.
5. Additional gifts to a NEF may be made at any time, including charitable bequests through an estate plan. NEFs are also an established place to make end-of-year gifts or designated memorial, special occasion and living tribute gifts.

## **Actions / Assigned Tasks for Board/Committee/Staff**

### **WACOSA Development Committee:**

- Review WACOSA Gift Policy & Procedures, including minimum amounts needed to establish and fully fund a Named Endowment Fund (NEF)

### **WACOSA Board of Directors:**

- Approve Annual Distribution Rate from WACOSA Endowment Fund (typical distribution rates of 4-5% allow for some growth to accommodate for inflation).
- Review and approve investment option changes through the CMCF
- Review WACOSA Gift Policy & Procedures, including minimum amounts needed to establish and fully fund a Named Endowment Fund (NEF)

### **WACOSA Director of Finance:**

- Provide paper trail of funds transferred to the WACOSA Endowment Fund
- Maintain copies of all related documents for endowment gifts (i.e. NEF donor agreements, estate gifts, general endowment gifts)
- Provide quarterly and year-end investment reports for endowment funds invested by the CMCF
- Submit request to CMCF for annual distribution of funds to WACOSA

### **WACOSA Development Manager:**

- Track all endowment gifts by category (i.e. individual NEF, estates, undesignated).
- Provide an annual report of activity and distribution to the contact person(s) for each NEF
- Download new Donor Agreements to appropriate Salsa record

### **Central Minnesota Community Foundation (CMCF):**

- Provide quarterly reports on investment performance of WACOSA Endowment Fund
- Payout annual distribution from the WACOSA Endowment Fund
- Manage all “life income” gifts established by WACOSA donors through CMCF