

Agency Fund Introduction

In simple terms, an Agency Fund is an endowment for your organization's charitable use. Establishing an Agency Fund through the Community Foundation offers several advantages:

1. Your organization's endowment is comingled for investment purposes with over \$35 million already within the Community Foundation. Therefore, you will participate in a large, diverse, and growing investment portfolio professionally managed by Alpha Omega Wealth Management. The Investment Committee of the Community Foundation maintains active fiduciary oversight of all investments.
2. The Community Foundation files all necessary legal and tax forms as a 501(c)(3) nonprofit corporation, which applies to all funds under its management.
3. The Community Foundation prepares quarterly fund reports for your review, and provides any additional information about your fund upon request.

It is important to understand that unlike opening an account with an investment company, all funds transferred to the Community Foundation become the property of the Foundation. However, your organization maintains the right not only to receive annual distributions from its Agency Fund, but also to request access to the assets of their Fund above and beyond annual distributions, including the entire Fund balance.

The following information addresses the continued relationship that you would have with your Agency Fund.

Establishing an Agency Fund

1. The process begins by preparing an Agency Fund agreement that includes many standard details, as well as customized details for your organization. Of particular importance to that agreement is documenting your long-term objectives for your Agency Fund. While some organizations rely on the annual distributions from their Agency Fund to supplement their operating budget, other organizations regard their Agency Fund as an operating reserve or a source of funds for future capital projects.

2. After transferring assets to the Community Foundation, your organization will become the “Agency Fund Partner” of the new Fund. Your role as Agency Fund Partner means:
 - a. You advise the Community Foundation on all matters concerning the available annual distributions from your Agency Fund. We calculate those distributions using the Foundation’s Spending Policy, which is presently 4% of the 12-quarter average balance of the Agency Fund. However, if your organization requires a distribution based on a different calculation, we can document that in the Agency Fund agreement. Your options, as they relate to the available annual distribution, include:
 - i. Receive the annual distribution in its entirety for the use of your organization,
 - ii. Receive less than 100% of the available annual distribution while reserving access to the balance of that distribution at a later date that same year, and
 - iii. Direct the Community Foundation to reinvest some or all of those distributions with the principal of your Agency Fund.
 - b. You may also request a distribution in excess of the available annual distribution, including the full balance of your Agency Fund. Such requests would originate from your governing body in the form of a Resolution. If those requests are consistent with the stated objectives for your Agency Fund, as documented in the fund agreement, the Foundation responds immediately with the requested distribution. Requests that are inconsistent with your stated fund objectives are brought before the Foundation’s board of directors for their review and authorization. This process adds an important layer of fiduciary oversight and protection for your Agency Fund.
3. Due to your organization’s access to the total assets of its Agency Fund, you would continue to record the balance of the Fund as an asset on your balance sheet. We recommend that you assign this asset its own account number and that it appear on your balance sheet as “Agency Fund: Community Foundation”.

There is no minimum balance required to begin or maintain an Agency Fund.

Administrative Fees: The Community Foundation assesses an annual administrative fee equal to 0.5% of the Agency Fund’s balance each year.

Investment Fees: The Community Foundation’s investment advisory firm, Alpha Omega, assesses an annual advisory fee equal to 0.35% of the Agency Fund’s balance each year.

Agency Funds at the Community Foundation

The Community Foundation's family of funds, over 180 total, includes 29 Agency Funds. Their balances range from \$500 to \$1.4 million.

The Arc of Augusta Fund
Augusta County Public Library Foundation Fund
Augusta County Public Schools Endowment Fund
Augusta Regional Free Clinic - Loesch Endowment Fund
Beverly Street Studio School
The Center for Nonprofit Excellence Fund
EVACE International Fund
Ever Forward Fund (116th Infantry Regiment Foundation)
Greater Augusta Regional Chamber of Commerce Fund
Highland County Public Library Fund
Samuel Matthew Lucente Memorial Fund (Boys & Girls Club)
Rockingham Feeder Cattle Association
Scottie Lu Parker Brandt Founder's Fund (Staunton Montessori School)
Shenandoah Valley Art Center Endowment Fund
Staunton Augusta Art Center
Staunton City Public Schools Educational Endowment Fund
The Talking Book Center Fund
United Way of Greater Augusta Endowment Fund
Valley Alliance for Education Endowment Fund
Valley Children's Advocacy Center
Valley Concerts Foundation Piano Maintenance Endowment Fund
Valley Conservation Council Fund
Valley Pastoral Counseling Center Endowment Fund
Valley Program for Aging Services Fund
The van Vliet Endowment for SACRA
Wayne Theatre Fund
Waynesboro Family YMCA Endowment Fund
Waynesboro Symphony Orchestra Fund
Jacquelyn Zehring Legacy Fund (Cat's Cradle)

Investment of Agency Fund Assets

The Community Foundation invests the assets of the Agency Funds under its care within its overall investment portfolio of over \$35 million. The Foundation has contracted Alpha Omega Wealth Management, headquartered in Richmond with an office in Staunton, as its primary investment advisory firm.

The Foundation documents its investment objectives for Alpha Omega in an Investment Policy Statement established by the board of directors. Our overall investment objectives are two-fold:

1. The Foundation aims to achieve a long-term, average investment return that exceeds the combination of our annual distribution rate of 4%, our administrative fee, our investment fee, and the Consumer Price Index so that our funds can continue to achieve real growth.
2. The Foundation aims to compare favorably, and ideally exceed, our investment benchmark comprised of the following:
 - 56%--Russell 3000 Index
 - 22%--MSCI ACWI ex USA Index
 - 22%--Barclays US Aggregate Bond Index

Important Safeguards for our Agency Fund Partners

1. One of the Foundation's requirements for its investment advisory firm is that they are properly insured against any form of mismanagement or fraud.
2. Since each Agency Fund Partner maintains the right to request access to the full balance of their Agency Fund, the Foundation also carries the balance of all Agency Funds on its balance sheet as a liability. Therefore, in the event of the Community Foundation's unlikely dissolution, the Foundation would prioritize the distribution of Agency Fund assets to our respective Agency Fund Partners.
3. The Foundation also maintains a rigorous set of policies and procedures that place strict checks and balances on its financial transactions.
4. The Foundation contracts an independent accountant to review the monthly reconciliation of its financial accounts, as well as a second independent accounting firm to conduct a full audit annually.

For more information, or to begin the process of establishing an Agency Fund, please contact Dan Layman at 540-213-2150 or dlayman@cfcbr.org.