



MONTANA
COMMUNITY
FOUNDATION

Nonprofit Agency & Designated Nonprofit Funds

Thank you for partnering with Montana Community Foundation, Inc. (MCF) to build endowments to benefit your nonprofit organization. This guide will give you more information about nonprofit agency and designated nonprofit endowment funds.

Choosing a Fund Representative

Each nonprofit or designated nonprofit fund holder chooses a “fund representative” who acts as the main contact with MCF. Typically, the fund representative is the Executive Director, Finance Director, or Development Director. In volunteer-run organizations, typically it is the Board Chair or Treasurer.

The responsibilities of the fund representative include:

- Receive correspondence from MCF and communicate any change of address, banking changes, endowment payout status change, etc.
- Register for the portal to access quarterly fund statements and distribute those statements to key staff and board members within your organization.
- Communicate decisions about the endowment to MCF, e.g. whether or not to receive distributions.
- Authorize MCF to approve additional portal users from your organization.

Annual Distribution from the Endowment

Annual distributions from nonprofit agency and designated nonprofit funds are sent electronically (via ACH payment) to your organization in March.

MCF staff will send an email to your fund representative each calendar year reminding you to update your ACH information **if your bank account has changed**. A new ACH form needs to be completed by February 1 to ensure your organization receives the annual distribution on time. If your bank account information remains the same, you do not need to complete a new ACH form.

Calculating the Amount of the Annual Distribution

MCF determines the distribution from each endowment by calculating the approved payout rate, which is currently 4.5% of the value of the fund, based on the average daily value for the past 36 months as of December 31. The MCF Board annually reviews and sets the payout rate. This method helps smooth out market fluctuations and provide your organization with a more predictable distribution.

If the fund is less than three years old, the payout rate formula reduces the distribution until the fund has reached a full 36-month balance history. In other words, for a new endowment, the distribution ramps up slowly over three years to allow time for the fund to grow so we do not erode the principle/corpus of the endowment when making distributions. There is a minimum payout threshold of \$250 to receive a distribution.

Registering on the Fundholder Portal

The MCF Fundholder Portal is an online portal that provides the fund representative with access to information about the nonprofit agency and/or designated nonprofit funds.

To access the new portal, you will need to register a username and password. The username will be your email address.

1. Go to mtcf.org and click on MyFund on the homepage.
2. This will lead you to the portal sign-in page where you will click on “Register.”
3. Under “Create an account,” fill in your information and create a new username and password.



Once done, you will receive an email confirming that you are registered. Your account may need additional processing and we will send you an email letting you know when your account is active.

You may have add additional people from your organized to view your fund information but the fund representative must authorize MCF to add them as fund viewers for your portal account. Please email ccooney@mtcf.org to inform us of new portal users.

Using the Fundholder Portal

Once registration is complete, your organization's fund representative has "fund holder" permissions for your account. This allows them to access the following information.

- Account/Fund Balance
- Contribution history for the fund
- Recent distributions from the fund
- Quarterly fund statements

Other users have "fund viewer" permissions for your account. This allows them to access the following information.

- Account/Fund Balance
- Recent distributions from the fund
- Quarterly Fund Statements

Assistance with the Portal

For your convenience we have developed the Quick Start Guide that provides useful, step-by-step instructions for utilizing the portal. It is available at www.mtcf.org/portal-quick-start-guide. If you need technical assistance, please contact Cathy Cooney at 406.441.4954 or ccooney@mtcf.org.

Contributions to Your Fund

Additional contributions to the endowment can be made at any time. After the fund is opened, the fund name will be included in the list of funds on the MCF website. Donors can then make credit card donations online.

Instructions for online donations:

1. Go to mtcf.org/Giving/Give-Now.
2. Scroll down the page to "Select Donation & Gift Amount."
3. Select the fund from the drop-down menu.
4. Enter the gift amount and credit card information.
5. Complete the remaining two questions about recognition (especially if the donor wants to be anonymous).
6. Enter the security code listed on the site.
7. Click on "Submit gift."

Donors who wish to give a cash gift may send a check to:

Montana Community Foundation
P.O. Box 1145
Helena, MT 59624

Gifts of stock, IRA charitable rollovers and planned gifts, which may qualify for the Montana Endowment Tax Credit, are excellent ways to continue building the endowment. MCF's staff in the Montana Office of Gift Planning are happy to help donors identify the best ways to grow the fund while meeting their financial and charitable goals.

Donors may access more information about planned giving, including bequests, at mtcf.org or by calling the Montana Community Foundation at 406.443.8313.

Whenever MCF receives a new contribution for the funds benefitting your organization, we send an email notifying the fund representative within a week. You can then send your donors an additional thank you apart from the acknowledgement letter sent by MCF. We will provide the donor's name, address and the amount of the gift (unless the gift was made anonymously).

Whenever MCF receives a new planned gift to benefitting your nonprofit organization, a notification letter will be sent to the fund representative. If the planned gift is made during the peak of the planned giving season (November/December), the letter will be mailed in January. We will provide you with the donor's name, address (unless the gift was made anonymously) and percentage of the planned gift eventually benefitting your organization.

Your organization will get a second notification letter when the planned gift terminates and the assets are transferred to the designated agency endowment at MCF. Planned gifts cannot be terminated for a minimum of 5 years, under Montana law.

Reinvesting Annual Distributions

A nonprofit organization may choose to "reinvest" the annual distributions from MCF funds if the organization does not need the income from the fund and would like to build the endowment(s) more quickly. To change the payment status of the endowment(s) for the next distribution cycle, please have the fund representative notify us at ccooney@mtcf.org by December 31. If a fund is on reinvest, those "missed" distributions cannot be paid out in the future. Those distributions are permanently part of the endowment.

Nonprofit Fund vs. Designated Nonprofit Fund

The most common question we receive is about the difference between an nonprofit agency fund and a designated nonprofit fund. An nonprofit agency fund is an endowment benefitting one specific 501(c)(3) organization and is built through contributions of unrestricted income from the nonprofit organization. Those contributions are essentially made by the board of the organization. A designated nonprofit fund also benefits one nonprofit, but the endowment is built through contributions from one or more donors, either from planned gifts or direct contributions. The contributions are thus permanently restricted by the donors, not by the organization's board.

Funds are legal assets of MCF with distributions restricted to your nonprofit organization, but the reporting of those assets on your organization's financial statements differ because of FASB (Federal Accounting Standards Board) regulations. Nonprofit agency fund assets may be reported on the balance sheet of the benefitting nonprofit organization. Designated nonprofit fund assets may not, but may be mentioned in the audit notes. If you have additional questions, MCF has a separate handout available on these complicated accounting regulations.

Endowment as Permanent Assets as MCF

Assets in agency or designated agency funds at MCF are endowed, i.e. permanently restricted, and owned by MCF. Therefore, they will be managed in perpetuity by MCF. Those assets cannot be liquidated and given to the nonprofit organization under any circumstances or transferred to another entity, such as a different community foundation or financial institution. All gifts to agency or designated agency funds at MCF are irrevocable.

Exercising Variance Power

If a beneficiary of an nonprofit agency or designated nonprofit fund ceases to exist or loses 501(c)(3) nonprofit status, MCF's board is responsible for approving a variance action to designate a replacement. MCF staff will seek a new nonprofit organization with a mission and geographic service area as similar as possible to the original beneficiary. A nonprofit organization may include an alternate beneficiary in the original fund agreement.

If your organization does not include an alternate beneficiary in the original agreement, MCF will consult with your Board at the time the organization is dissolved. MCF will be legally responsible for determining the appropriate replacement. The Montana Attorney General's office is given notice of all variance actions.

For Additional Assistance

If you need any help or have questions about the agency or designated agency endowments benefitting your organization, please contact:

Cathy Cooney
Director of Donor Services
ccooney@mtcf.org
406.441.4954

33 S Last Chance Gulch, Ste. 2A Helena, MT 59601 111 N. Higgins Ave, Ste. 410 Missoula, MT 59802

p 406.443.8313 f 406.442.0482 e info@mtcf.org www.mtcf.org