

WELCOME



Omaha Community
Foundation

Introduction



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Endowments, Reserve Funds, and Banking Relationships



Omaha Community
Foundation

Today's agenda

- Introduction of OCF
- Why is this important?
- Endowments and Non-Endowed funds
- Reserve Funds
- Banking Relationships
- Questions



Our Mission and Vision

Mission

We maximize the power of philanthropy to strengthen our community.

Vision

A connected community of passionate philanthropists, strong nonprofits, and thriving residents.



Omaha Community
Foundation



What is a Community Foundation?

- 900+ community foundations nationwide
- Structure: 501(c)(3)
- National Standards Accreditation
- Giving tools
 - Charitable giving funds
 - Concierge level service
 - Community connections
 - Partner grantmaking

Who We Serve



NONPROFITS

- Fund for Omaha
- African American Unity Fund
- Futuro Latino Fund
- Equality Fund
- Neighborhood Grants Program
- Nonprofit Capacity Building



COMMUNITY

- The Landscape
- CAP® Program
- Omaha Venture Group
- Nonprofit Capacity Building
- Community Loan Fund
- Community Resilience Fund
- Government Partnership Grantmaking



DONORS

- Giving Funds
- Legacy Giving
- Family Giving
- Corporate Giving
- Philanthropic Support Services

OCF's Impact

- **2,000+** Donor Funds
- **\$240M** in grants processed in 2024
- **17,000+** grants to **3,200** nonprofits



A show of hands...

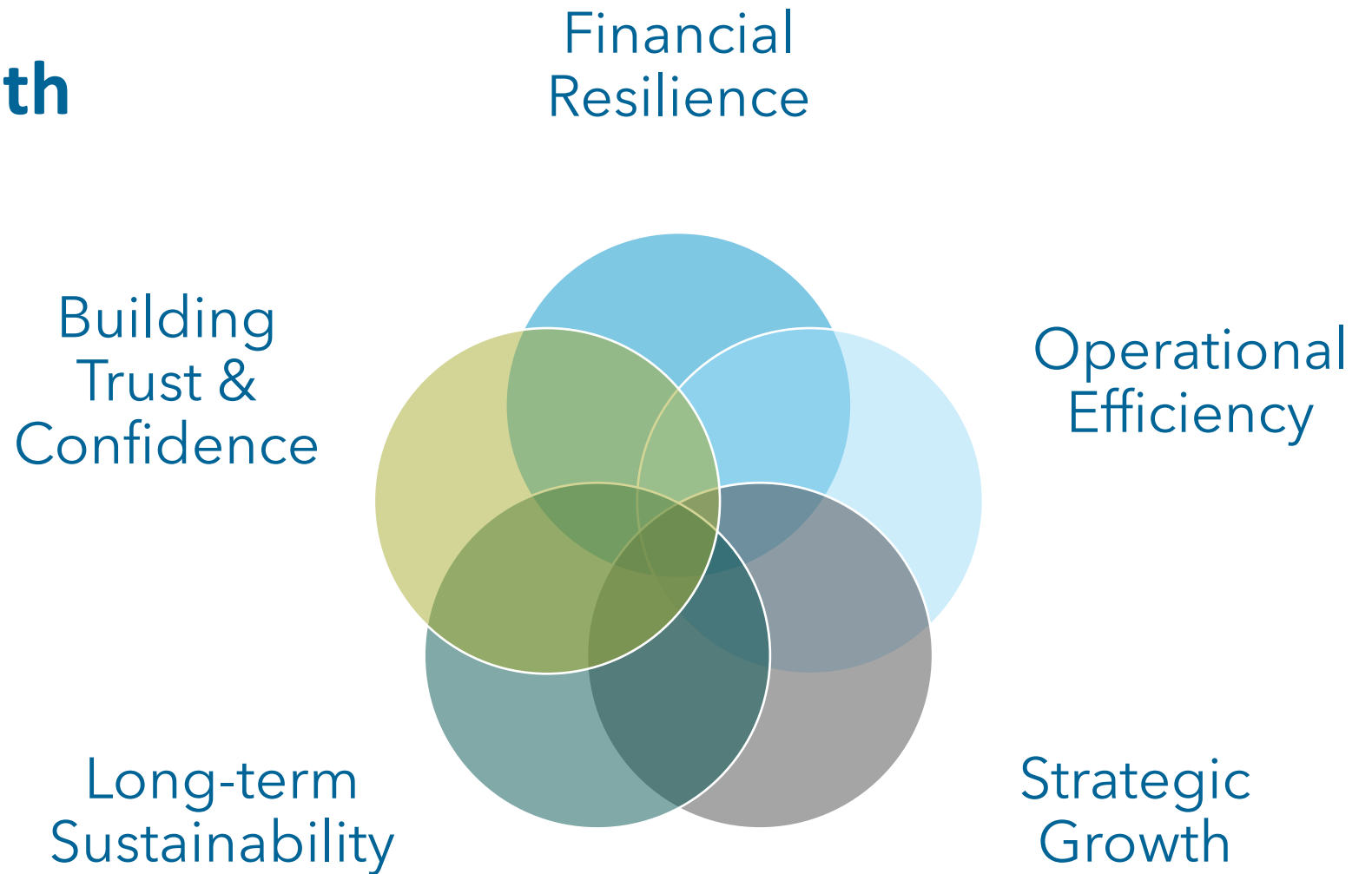


Setting the stage

- **Economic Uncertainty** - Nonprofits face fluctuating revenue and increasing service demand amid economic challenges.
- **Rising Costs** - Operating expenses are rising, while fundraising may become more competitive and harder to secure.
- **Unpredictable Funding** - Dependence on grants and donations makes cash flow difficult to predict and manage, especially in times of crisis.
- **Increased Accountability** - Donors and stakeholders are expecting greater transparency, financial sustainability, and measurable impact.
- **Need for Resilience** - Nonprofits must build financial resilience to adapt to changing circumstances and ensure long-term viability.



These are tools for organizational health and resilience



Nonprofit Endowments

- **Definition** - A long-term fund created to support a charitable organization. The original assets are called the **corpus**.
- Can be created by nonprofit or donor
- Funds are invested to provide growth (**corpus**) and an income stream (**interest/market gains**) for the nonprofit over time.
- Funds are generally restricted, and only a portion can be accessed each year. (**Spending Policy**)
- Not intended as an emergency reserve fund.



What are the advantages of starting an endowment?

Long-Term Sustainability: An endowment provides a reliable, long-term revenue source. The corpus remains intact, while the income generated can support operations, programs, or specific initiatives.

Financial Stability: An endowment allows nonprofits to continue their work even when donations fluctuate. It provides a cushion in times of economic uncertainty or reduced funding.

Leverage for Fundraising: A well-funded endowment can serve as a credibility booster when attracting major donors or securing grants, as it shows the organization's commitment to long-term sustainability.



Nonprofit Endowments

- Board sets policy on how income can be used **(follow donor intent)**.
- Is your nonprofit ready for an endowment?
 - Financial stability – how is your budget?
 - Donor Base – strong group of multi-year donors?
 - Does your board, leadership, and development staff understand how an endowment works?
 - Investment expertise – Do you have it? Can you get it?
 - Policies and Documents – board resolutions, gift acceptance policies, investment and distribution policies.



Nonprofit Endowments

- OCF Resources
 - Agency Endowed Funds
 - Personalized assistance from OCF staff
 - Board/staff education opportunities
 - Complex gift acceptance
 - \$40,000 initial investment recommended
 - Withdraw up to 4.5% per year
 - Fee: 0.75%/year up to first \$1 million
 - Low-cost investment program covering the entire market.
 - OCF owns the assets, nonprofit retains advisory privileges



Nonprofit Endowments

OCF Agency Endowed Fund Fee Structure

Fund Fair Market Value	Total Administrative Fee
Balance up to the first \$1 million	0.75%
Balance between \$1 million up to \$5 million	0.50%
Balance between \$5 million up to \$20 million	0.25%
Balance above \$20 million	0.0625%



Nonprofit *Non-Endowed* Funds

- **Agency Non - Endowed Funds**
 - Nonprofits can withdraw all the funds
 - Choice of two investment programs
 - \$10,000 recommended initial investment
 - Assistance with complex gift acceptance (stock, real estate...)
 - Donors can contribute to the fund directly, and we handle tax receipts
 - Can act like an endowed fund through board policy
 - Fee: 1.25% on each contribution for the first 5 years. 0.75% on total balance in year 6 on.

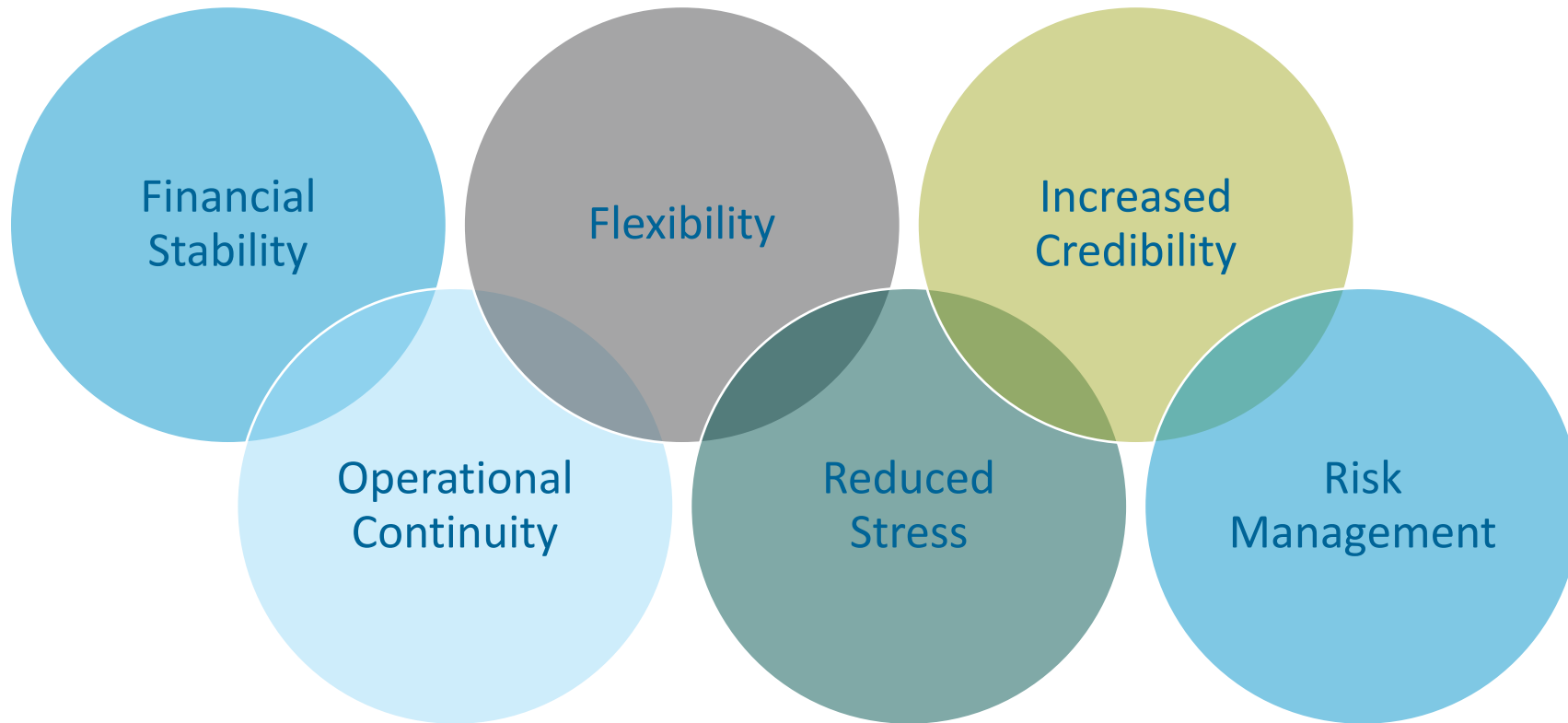


Nonprofit Operating Reserves

- Definition: unrestricted funds set aside for an unexpected loss of income, large expense, or opportunity.
- Used for temporary, not structural financial problems
- Easily accessible
- Low risk (savings account, not an investment account)



Why are reserve funds important?



Nonprofit Operating Reserves

- **How much is enough?**
 - 3 -6 months operating expenses (easy answer)
 - It depends (honest answer)
 - How reliable is your income? Stable contracts/fees or unpredictable grants? Do you need reserves to cover reimbursements that may be delayed?
 - A moving target - operating expenses grow as the organization grows
- **How to fund your reserve?**
 - From unrestricted surplus
 - Grants or donations (rare)



Nonprofit Operating Reserves

- **Have a written reserve policy**
 - Defines goals and uses
 - Describes authorization process for use
 - Reporting and monitoring
 - Repayment
 - Discussed and approved by the board
- **Other types of reserves**
 - Opportunity reserves – seed funding for innovation
 - Building reserves – building repair/replacement
 - Program reserves – program continuation if income decline



Selecting the Right Bank

Research Banks: Look for banks that offer nonprofit-specific services, such as low fees, dedicated accounts, and credit options. Compare interest rates.

Prepare Key Documents: Gather necessary documents: EIN, nonprofit status (501(c)(3)), bylaws, board resolution, and proof of address.

Understand Banking Needs: Assess your nonprofit's needs (checking, savings, credit lines, online banking) to choose the right services.

Build a Relationship: Meet with a bank representative to discuss your organization's goals and financial needs.

Open Accounts & Set Up Online Access: Open necessary accounts and set up online banking for easy management and transaction monitoring.

Review Terms Regularly: Periodically review your banking relationship to ensure you're getting the best services and rates for your evolving needs.



Engaging Your Board

Educate the Board: Provide information about the importance of selecting the right bank and banking services for the organization's financial health.

Involve Key Board Members: Include board members with financial expertise in the research and selection process.

Collaborate on Financial Needs: Discuss the nonprofit's banking needs (e.g., loans, credit, investment accounts) to align services with the organization's goals.

Board Resolution: Authorizing the opening of accounts and designating individuals who will manage banking activities.

Regular Updates & Oversight: Keep the board informed of banking arrangements, encouraging ongoing review and input for continued financial health.



Upcoming OCF Workshops

Endowments, Reserve Funds, and Banking Relationships

March 12 at noon

Virtual

Fiscal Sponsorships

April 10 at noon

Goodwill Training Center, 3505 L St., Room 108.

Grant Writing

May 20 at noon

Nebraska Early Childhood Collaborative

Navigating Funder Relationships

June 17 at noon

Location TBD



Questions?

