

MEMORANDUM

To: CFGB Board

From: George Gaskin, Sr. Director of Gift Planning & Compliance

Date: April 30, 2026

Re: Revisions to Agency Endowment Fund Policy

Background

The current Agency Endowment Fund Policy (the “Policy”) was approved on August 22, 2024.

Our Policy states that all agency endowment funds shall operate on the Spending Policy, but that they may include a mechanism for the agency to request a larger distribution in an emergency situation. In reviewing the current policy, CFGB staff felt that the language in the Policy should be strengthened to clarify that agencies shall not be allowed to establish agency endowment funds that allow for regular distributions of amounts larger than the Spending Policy – rather, these distributions shall only be allowed in rare, emergency situations.

Recommendation

CFGB staff recommends the Board approve the attached revised Policy.



AGENCY ENDOWMENT FUND POLICY

From time to time, the Community Foundation of Greater Birmingham (the “Community Foundation”) encounters nonprofit organizations that desire to establish an endowment fund managed by the Community Foundation. These funds are called “Agency Endowment Funds.”

Agency Endowment Funds are component funds of the Community Foundation. They are established by a fund agreement signed by the nonprofit organization donor and the Community Foundation. Their assets are comprised of contributions to the Community Foundation by the nonprofit organization donor, and their use is restricted to benefit said nonprofit organization donor.

Prior to a decision about establishing such an Agency Endowment Fund, Community Foundation staff should engage in strategic discussion to consider whether the Agency Endowment Fund will benefit the beneficiary nonprofit organization and be aligned with the Community Foundation’s priorities.

The establishing fund agreement should clearly document any restrictions on the use of distributions by the beneficiary nonprofit organization. All Agency Endowment Funds, by default, shall make distributions based on the Community Foundation’s Spending Policy; ~~however, if requested by the beneficiary nonprofit organization,~~ the Community Foundation may agree to provide for larger distributions ~~in a given year on rare, emergency occasions~~ when certain conditions are met as described in the establishing fund agreement. For example, the Community Foundation may agree to allow for an “emergency” distribution of up to X% of the balance of an Agency Endowment Fund when requested in writing by the beneficiary nonprofit organization and accompanied by minutes reflecting unanimous approval of the nonprofit organization’s Board of Directors.

The Board of Directors of the Community Foundation (“Board”) will have the final authority in approving the establishment of new Agency Endowment Funds.

Approved by the Board on 8/22/245/21/26