



**SOUTHWEST INITIATIVE  
FOUNDATION**

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One Connection. Unlimited Possibilities.

# Community Foundation Funds

Give where you live!

## What is a Community Foundation Fund or Affiliate?

- A geographically-based “fund” of the Southwest Initiative Foundation (SWIF) that allows individuals, businesses and other entities to make gifts to your community and receive the highest possible charitable tax deduction – without any separate filings or legal designations from the IRS or Attorney General
- Affiliates build a permanent endowment fund to help address the community's changing needs and capitalize on its future opportunities
- Affiliates also have access to a fundraising vehicle to meet specific and immediate capital needs

## How Does it Work?

The community foundation program creates a long-term partnership between SWIF and your community. At the outset of the partnership, SWIF executes a legal agreement that, simply put, extends SWIF's 501(c)(3) public charity status to your community.

SWIF provides administrative infrastructure by processing gifts and grants, investing assets, providing financial statements and coordinating all IRS reporting requirements. SWIF also provides ongoing assistance in areas such as strategic planning, fundraising, marketing and grantmaking, in addition to a \$25,000 endowment challenge grant to jumpstart fundraising.

The local community develops an advisory board to oversee and implement fundraising activities, recruit and train a volunteer board, conduct marketing activities and coordinate a community grantmaking process.



We work with 25 affiliates across the southwest Minnesota region



Through local leadership and visionary philanthropy, local communities can thrive

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Confirmed in Compliance with National Standards  
for U.S. Community Foundations

An Equal Opportunity Provider

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## Getting Started

We have identified several indicators of a community's readiness for a community foundation fund. After the initial inquiry, staff meets with community leaders over several months to assess readiness. At that same time, the community determines its fit with SWIF's model and interest in moving forward. If both parties agree to pursue a formal partnership, we will deliver an organizing and training process during the first year of partnership, after the community raises \$5,000.00 for its permanent endowment fund.

## Fees

Administrative fees are assessed to each fund partner and help cover SWIF's costs for the administrative and professional support provided. Administrative fees are subject to change based on fieldwide standards and the economic environment. Our current administrative fees are:

- Endowment: 0.25 percent quarterly, based on the average daily balance
- Non-endowment: 0.375 percent quarterly, based on the average daily balance

In addition, SWIF's investment managers charge separate fees to cover custody, investment management and trading activity. Investment returns over time have averaged 8.26 percent net of these fees. SWIF has an Investment Committee that guides investments in compliance with the Investment Policy Statement approved by the SWIF Board of Directors. The names of SWIF investment managers, fees charged and the names of Investment Committee members are available upon request.

## One Success Story

 Hutchinson originally formed an independent, standalone community foundation. Growth was slow and local leaders struggled to gain consistent momentum. In 2002, with about \$30,000 in their endowment fund, they partnered with SWIF for additional support and guidance, as well as investment expertise.

Through endowment fundraising by local advisory board members and the strong investment performance of SWIF, the Hutchinson Area Community Foundation's endowment fund has grown to over \$700,000 today. And, HACF has awarded over \$164,000 in grants to community organizations – without ever touching the original gifts contributed. Thanks to the endowment fund philosophy and consistent investment performance over time, more than \$30,000 becomes available from investment earnings annually to support local programs and needs in the Hutchinson area.