



Foundation Information and FAQ

1. What is the Cottonwood Area Community Foundation?

The Cottonwood Area Community Foundation was created in partnership with the Southwest Initiative Foundation (SWIF). The purpose of the foundation is to provide a perpetual and growing source of funds to meet specific immediate needs to benefit the Cottonwood area and to build a permanent endowment to help fund future needs and opportunities. This foundation is not owned or operated by the City of Cottonwood and does not receive tax dollars.

2. How does the Foundation work?

A local Advisory Board oversees the operation of the fund with assistance from SWIF. The Board identifies potential projects, accepts grant requests and recommends approval. The Board also assists with fundraising, education and communication activities. Five percent of the total endowment is available to be spent each year.

3. Why partner with the Southwest Initiative Foundation (SWIF)?

Our partnership with SWIF eliminates expensive administration, investment and compliance costs and provides access to expertise and support. SWIF extends its 501(c)(3) public charity status to our community foundation and provides financial statements, coordinates all IRS reporting requirements, invests assets and processes grants. SWIF also provides the local Advisory Board with assistance in strategic planning, fundraising, marketing, education and grant making. In addition, SWIF provides the community with an initial \$25,000 matching endowment challenge grant to help jumpstart fundraising. Cottonwood joins 29 other communities in southwest Minnesota who have established local foundations in partnership with SWIF. These include Marshall, Granite Falls, Clarkfield, Balaton, Dawson, Tyler and Lake Benton. More information can be found at swifoundation.org.

4. What does it cost?

For administrative and professional support, SWIF charges a fee of .25 percent quarterly, based on the average daily balance of the endowment fund and .375 percent quarterly, based on the average daily balance of the non-endowment funds. In addition, SWIF's investment managers may 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 approved by the SWIF Board of Directors. The local Advisory Board is all volunteer and incurs only minimal administrative expenses such as mailing costs.

5. What does the Foundation support and what can funds be used for?

Funds can be used for a wide variety of needs including parks, playgrounds, education, fire/ambulance equipment and training, senior citizen facilities and services, local food pantries and many other possibilities. Our initial focus is to build the endowment fund to provide a perpetual source of funds to support community needs.

6. How are projects identified and approved?

Ideas for potential projects to benefit the community can come from anyone. Applications for grants to fund eligible area needs and projects can be made by any 501(c)(3) organization – including churches – as well as local government and schools. The Foundation can also identify and fund eligible projects.

7. How and when will funds be available?

Since its formation, the local foundation has been concentrating on building the permanent endowment. It is the intent of the foundation to have enough funds built up in the endowment to make it feasible to begin funding projects sometime in 2021.

8. Can I support a specific project?

Yes, specific projects can be identified, and donations can be made to fund these projects directly. Since our initial focus is building the endowment to provide an ongoing source of funds for community projects, a specific project has not been identified at this time but one will likely be identified in the near future.

9. Can I gift something other than cash?

Yes! Gifts of securities, personal property, real estate, grain or other items of value may be given. Planned gifts including bequests, retirement plans, charitable gift annuities and charitable trusts may also be given. Please contact an Advisory Board Member or SWIF for more information regarding these gifts.

10. Will my information be shared?

No, your privacy is important to us and your information will only be used to provide occasional updates about our foundation activities and to acknowledge and/or recognize donations (if desired). We do not share or sell any personal information including email addresses.

11. How will donations be recognized?

All donors will be sent a thank you and a receipt for their gift. Donors will be recognized on a future community recognition display. The amount given will not be made known. If a donor does not wish to be listed, their name and the amount given will be kept anonymous. Let the foundation know if this is your desire.