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Straight Talk About Endowments

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Today's Topics

- Endowment Basics
- Best Practices
- Endowment Myths
- What are the Risks?

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Where Are You Now?

- Who already has an endowment?
- Who is thinking of starting one?
- How would you describe your endowment stewardship?

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Endowment Basics

- What is an endowment?
- Why should you have one?

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What is an Endowment

- A permanent fund
- "True" endowment
- "Quasi" endowment

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Why Have an Endowment?

- Create financial stability
- Carry out your mission
- Expand your donor base
- Build confidence in your organization
- Stay competitive


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Best Practices - How to Be a Success

- Your board and staff are committed
- Leadership is knowledgeable and available
- Your organization has a clear mission and is considered worthy of support
- A solid fundraising program is in place
- Policies are in place


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Best Practices - Commitment

- Your board is committed
- Your staff is committed


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Best Practices - Leadership

- Board members are knowledgeable
- Management is knowledgeable

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Best Practices – Your Mission

- Case for support over the long term
- Strategic plan

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Best Practices - Fundraising

- Your annual fundraising structure is in place
- Marketing and communication

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Best Practices - Fundraising

- Demographics of your donors
- Donor recognition and legacy societies


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Best Practices - Policies

- Investment policy
- Spending policy
- Gift policy


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Best Practices – What Else?

- Engaging champions
- Endowment committees
- Are we missing anything?

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Endowment Readiness Test

Range of Score	Your Organization's Score
0-20	<input type="checkbox"/> Board commitment to endowment
0-20	<input type="checkbox"/> Knowledgeable leaders
0-15	<input type="checkbox"/> Strong organization
0-15	<input type="checkbox"/> Meritorious case for future support
0-10	<input type="checkbox"/> Solid fundraising program
0-10	<input type="checkbox"/> Substantial gifts
0-5	<input type="checkbox"/> Marketing program
0-5	<input type="checkbox"/> Endowment policies

100 is the maximum score. The criteria listed first are considered the most important. A score of at least 70 is necessary to successfully launch an endowment.

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Endowment Myths

- All strong nonprofits should have an endowment
- Endowments reduce annual fund dollars
- A reserve fund is an endowment
- There is a limit on the distributions from endowments
- Managing an endowment is very cumbersome
- Endowments solve all problems

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Endowment Risks

- Reputation
- Financial
- Operational
- Legal
- Mission


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Resources

- Other Nonprofit Web sites
- Professional Organizations: AFP, PPP, CASE
- Board and Committee Members, Volunteers
- Your CPA and Attorney
- Your Peers
- Consultants
- Rhode Island Foundation

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Thank You!

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