



Community Foundation of Johnson County

**NONPROFIT & COMMUNITY
FUND ENDOWMENT
BUILDING TRAINING**

DECEMBER 1ST, 12PM | ZOOM

Zoom Reminders:

- Please mute yourself when not speaking to reduce background noise
- Feel free to use the chat function
- Set your view to 'Speaker' rather than 'Gallery'

THANK YOU!

AGENDA

- Welcome and Introductions
- What is an Endowment Fund?
- Benefits of Endowment Funds
- Endowment Regulations
- Benefits of an Endowment Fundraising Campaign
- Endowment Fundraising Campaign Tips
- Q&A

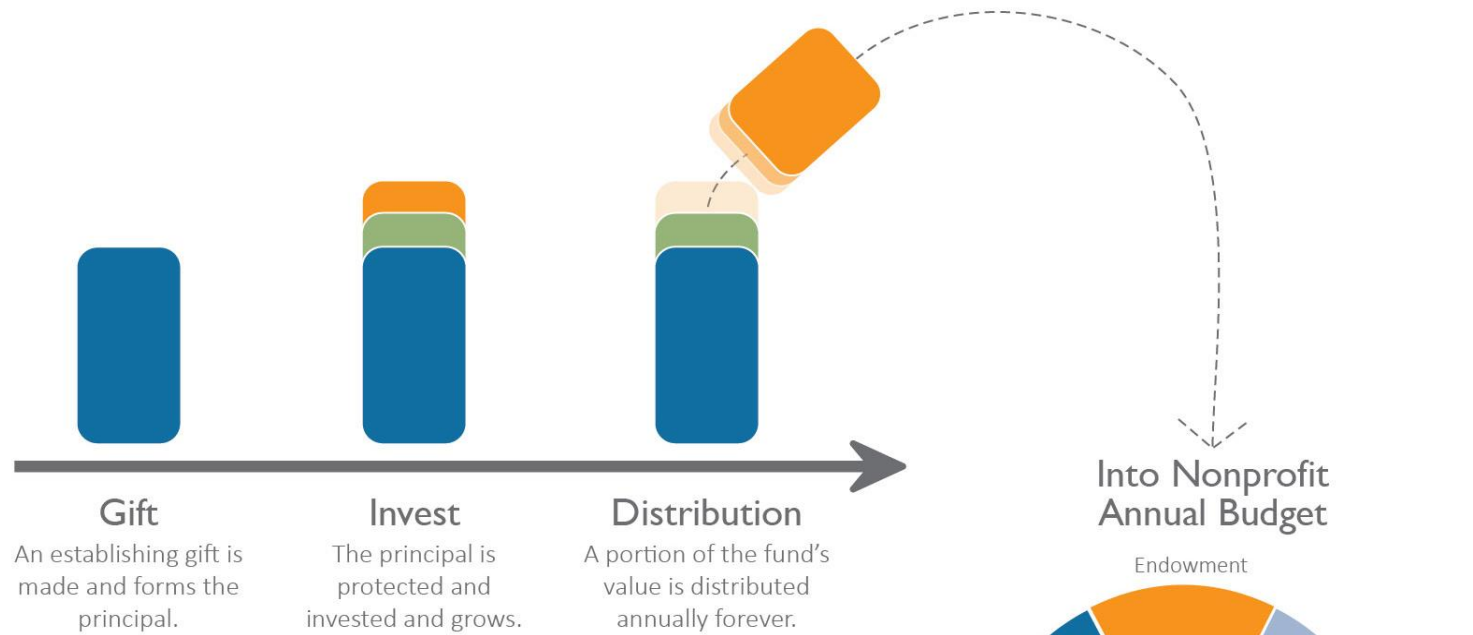
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Thank you!

WHAT IS AN ENDOWMENT FUND?

- Merriam-Webster's Definition of "Endow"
 - to furnish with an income; to make a grant of money providing for the continued support or maintenance of an organization
- CFJC's Definition
 - a fund established to provide support to a specific cause, program, or organization in perpetuity
- Principal gifts remains intact; income ensures continued support of the cause, program, or organization



HOW IT WORKS

WHAT IS AN ENDOWMENT FUND?

ENDOWMENT FUND

VS.

CHARITABLE GIVING FUND

- Designed to exist in perpetuity
- Built for long-term sustainability and planning
- Gifts are potentially eligible for Endow Iowa tax credit
- Up to 5% of the total fund amount can be distributed each fiscal year

- Designed for shorter-term support, more flexible granting
- Full amount of fund can be granted
- Capital Campaigns

WHAT IS AN ENDOWMENT FUND?

AGENCY ENDOWMENT FUNDS

- Exist in perpetuity
- Led by designated agency stakeholders (board of directors, staff, etc.)
- Support agency, generally unrestricted
- CFJC provides investment management, fund accounting, policy governance, and grantmaking oversight

COMMUNITY ENDOWMENT FUNDS

- Exist in perpetuity
- Led by an advisory board of local leaders
- Support important causes in our local towns and cities
- Operate under the tax-exempt status of the CFJC
- CFJC provides investment management, fund accounting, policy governance, and grantmaking oversight

THE POWER OF ENDOWMENT

Assume an endowment fund earns a net total return averaging 7% per year. Further assume that this endowment fund has a payout policy allowing a 4.5% distribution.

A contribution of \$10,000 to this endowment fund would have an annual distribution of about \$500, granting a total of \$4,400 in the first 10 years. Even after fees and annual distributions, the endowed fund balance grows to \$11,602.

	Years										
	1	2	3	4	5	6	7	8	9	10	Summary
Beginning Balance	-	10,550	10,668	10,786	10,900	11,014	11,129	11,245	11,363	11,482	-
Contribution	10,000	-	-	-	-	-	-	-	-	-	10,000
Grants	-	(462)	(468)	(480)	(485)	(490)	(496)	(501)	(506)	(511)	(4,400)
Investment Gains	700	739	747	755	763	771	779	787	795	804	7,640
Fee	(150)	(158)	(160)	(162)	(163)	(165)	(167)	(169)	(170)	(172)	(1,637)
Ending Balance	10,550	10,668	10,786	10,900	11,014	11,129	11,245	11,363	11,482	11,602	11,602

THE POWER OF ENDOWMENT

What if the endowment fund had been established 100 years ago?

The fund would:

- Distribute \$5,187 this year
- Have a current value of \$118,137
- Have distributed \$197,647 over the lifetime of the fund

How much impact do your donors want to have?

BENEFITS OF AN AGENCY ENDOWMENT FUND

- Sustainability
- Long-term and future planning
- Creates space for new possibilities
- Little to no staff time for investment
- Low administrative cost for the ROI



BENEFITS OF A COMMUNITY ENDOWMENT FUND

- Development
- Long-term & future planning
- Create space to envision new possibilities
- Local dollars for local needs



BENEFITS OF A PARTNERSHIP WITH THE COMMUNITY FOUNDATION



- Administrative burden lifted
- Utilize the CFJC knowledge and expertise
- Assets are pooled for investment
- Variety of gifts accepted
- Donors can access the Endow Iowa Tax Credit Program

TYPES OF ENDOWMENT GIFTS

Gifts Made Today:

- Cash and Cash Equivalents
- Memorials and Honors
- Securities
- Real Estate
- Closely Held Securities
- Gifts of Grain
- Board Directed

Legacy and Planned Giving:

- Bequest
- Beneficiary Designation (Retirement Asset)
- Charitable Gift Annuity
- Life Insurance and Life Insurance Beneficiary
- Charitable Remainder Trust

ENDOW IOWA TAX CREDITS

- Benefit to Donor
 - 25% tax credit on gifts
 - Can carry credit over for up to 5 years
- Qualifications
 - Gifts made to endowments, through accredited Community Foundations
 - Gifts must be used from the fund to support eligible Iowa organizations
 - Limit of \$300,000 in credit per year (\$1.2M gift) for an individual, \$600,000 (\$2.4M gift) for couple
 - Credit can only be claimed on Iowa income tax returns
- Additional Information
 - Donor communication through the CFJC
 - Credits exhausted for 2021, 2022

ENDOWMENT REGULATIONS

- Fund Agreement
 - Signed by CFJC and fundholders
 - Designated advisors
- Permanence/Principal Gifts
 - Principal gifts invested and held
- Donor-restrictions
 - Specific to gifts and fund
- Endow Iowa specific restrictions
 - Fund held at qualified Community Foundation
 - For granting to 501(c)3 located in Iowa
- Spending Rate
 - 5% annually
 - Grants taken automatically or by recommendation

BENEFITS OF AN ENDOWMENT FUNDRAISING CAMPAIGN

- Long-term/future planning
- Permanent asset
- Engage in meaningful conversation about the future with donors
- Reinvigorate giving
- Shows sustainability of your organization
- Accept a variety of gift types



ARE YOU READY FOR AN ENDOWMENT CAMPAIGN?

Do you have...

- Clear mission and history of accomplishment
- Financial stability
- Adequate annual fund and donor base
- Committed present and past board leadership
- Time



ENDOWMENT FUNDRAISING CAMPAIGN STAGES

1 Preparation

Identify stakeholders & set campaign goals

2 Buy-In

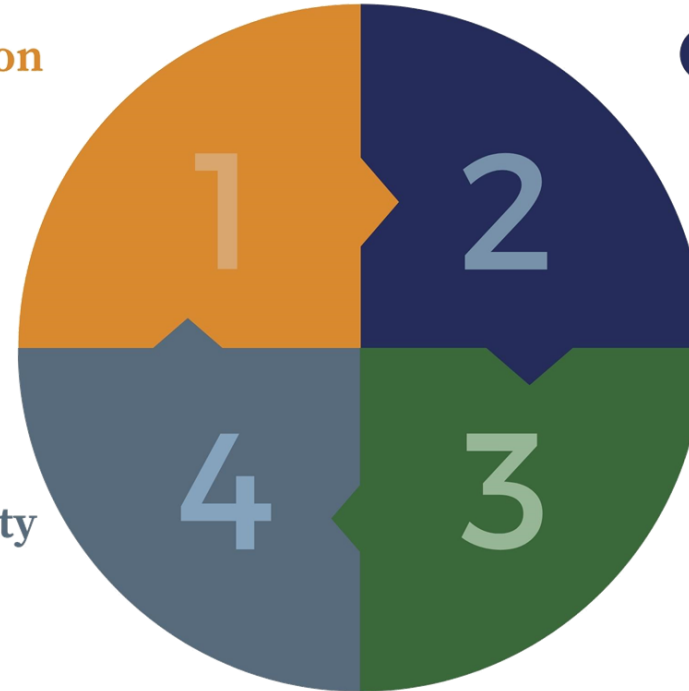
Commitments from and communication with internal stakeholders

3 Silent

Major gifts and external stakeholder commitments

4 Community

Announcement of campaign and invitation for public gifts



1 Preparation

Identify
stakeholders &
set campaign
goals



PREPARATION STAGE

- Identify internal stakeholders (campaign leadership, staff, volunteers)
- Identify external stakeholders (potential major donors, matching/challenge grants, community partners)
- Set campaign goals
- Prepare campaign materials and marketing tools
 - Campaign logo & tagline
 - Press releases
 - Email templates
 - Social media graphics/copy
 - Flyers/print brochures
 - Documents for donors – case statement, plans, etc.

BUY-IN STAGE



2 Buy-In

Commitments from
and communication
with internal
stakeholders

- Collect gifts from internal stakeholders, create buy-in and commitment
- Ensure communication to all internal stakeholders is clear and consistent, everyone should be 'in the know' of goals and campaign strategies



3 Silent

Major gifts and
external
stakeholder
commitments

SILENT STAGE

- Major gifts conversations with donors
 - Allow donor input
 - 'Insider' conversations
- Goal is to reach 60-70% of total campaign goal in this stage

A donor is an endowment prospect if you can answer 'yes' to the following points:

- Has been in an ongoing relationship with the charity
- Has charitable interest
- Has money, stocks, property or other assets to give
- Has confidence in development officer and the charity

4 Community

Announcement
of campaign and
invitation for
public gifts



COMMUNITY STAGE

- Public announcement of campaign
- All gifts are invited
- Allow for community celebration of future planning

ADDITIONAL FUNDRAISING TIPS

- Know your organization/community
 - And have a plan for how these dollars will benefit it
- Know donor benefits of giving to an endowment
- Utilize gift types you can't otherwise accept
- Steward your donors, have a plan prior to the campaign for how donors will be acknowledged



This program was sponsored by:



QUESTIONS?

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