

Nonprofit Agency Endowments

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The Community Foundation advocates endowment-building because this source of permanent capital helps organizations plan for a stable and secure future. More than 200 nonprofit organizations are already building endowments with us to benefit their organizations. Their endowment funds provide these organizations with a reliable, ongoing source of financial support. We enhance their efforts by leveraging our expertise, systems and excellent financial management and oversight.

What is an Endowment?

An endowment is a pool of assets – a portion of which is made available for charitable purposes annually. The remaining assets and investment returns are retained in the endowment to provide for growth of the endowment over time. An increasing amount of support will be available from the endowment over time as it grows. Historically, endowments were defined as funds that only expended their “income” for charitable purposes. This “income” definition is now outdated as it does not reflect current investment management philosophies or could lead to a belief that no or limited funds are available from the endowment. Rather, modern endowment management makes a “portion” (not limited to “income”) of the endowment available to support the charitable causes of the organization.

The Importance of Endowment

Endowment funds provide a source of ongoing annual financial support to address charitable causes. This source of funding can be invaluable in uncertain economic times when other support may no longer be available. During stronger economic periods, an endowment can provide funding to expand support and act as seed money for the development of new programs and services.

Endowment also provides intangible benefits. Giving to an agency’s endowment creates the opportunity for donors to leave a lasting legacy of support. A nonprofit organization with an endowment is sending a message to its donors that the organization will be here fulfilling its mission for decades to come. An endowment can also provide financial security to those organizations taking on new challenges and seizing new opportunities as they arise.



Why Build Endowment with the Community Foundation?

It's our mission! The Community Foundation exists to create a permanent source of community capital benefiting the residents of southeast Michigan in perpetuity. Nonprofit agencies that build endowment with us benefit from distinct advantages over agencies that are building endowments elsewhere:

- Reduced overhead and administrative costs. The Community Foundation handles all gift processing, record keeping, tax reporting, administrative services and audits.
- Professional investment management of the endowment, overseen by our Investment Committee and consultants.
- Expert investment oversight – at reduced investment costs – by leveraging existing Community Foundation systems and the “buying power” of our entire endowment investment pool.
- Competitive investment and administrative fees through economies of scale, due to the size and breadth of the Community Foundation.
- Public visibility of your organization’s endowment through publications such as our Annual Yearbook and social media.
- The ability to provide special recognition for donors who wish to create a named fund for your nonprofit.
- Easy acceptance of all types of gifts including cash, marketable securities, real estate, private business interests, insurance and other complex or non-cash assets.
- Technical assistance with major and planned gifts that benefit the endowment.
- Planned gift options, including charitable gift annuities, which allow donors many options for supporting endowment funds.

How Endowment Increases Donor Satisfaction

Donors want to see their contributions benefit your nonprofit and grow over time. The Community Foundation helps you and your donors by:

- Developing and monitoring an investment program guided by an expert volunteer committee and professional investment counsel.
- Providing an annual Community Foundation investment briefing for agencies and donors.
- Assisting agencies in the marketing of tax and planned gift opportunities.
- Providing support to a donor’s professional advisor to facilitate gift planning.