

## NONPROFIT ORGANIZATION

# Endowment Funds

## Trusted stewardship & capacity building support

For nearly 25 years, Rose Community Foundation has helped many of Greater Denver's nonprofit organizations create and grow endowment funds. In addition to expertly managing all investment and administrative tasks, the Foundation also helps nonprofit organizations design successful endowment programs and cultivate them over time. Through the Nonprofit Endowment Cohort, organizations receive group trainings with associated incentive grants and coaching on endowment building, donor solicitation, marketing, stewardship, and growing the fund through legacy gifts.

*"The Dorothea Hogue Endowment Fund not only respects our history and commitment to serving young women and their children, but also provides the financial security to ensure we continue to support teen mothers and their children for years to come."*

**Suzanne Banning**, President & CEO,  
Florence Crittenton Services

## Serve the community for generations to come

An endowment fund is a permanently restricted fund providing an annual distribution to support the operations of a 501(c)3 nonprofit organization and help create long-term stability.

If your organization is ready to take the next step, we are here to help.



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### Who Can Open

Nonprofit organizations independently or working in collaboration with a donor.

### Minimum Opening Investment

\$25,000

### Setup

Simple setup requires a signed endowment fund agreement and guidelines which can be accessed at [rcfdenver.org](http://rcfdenver.org).

### Tax Status

Donor contributions to endowment funds are tax deductible to the extent allowed by law.

### Administrative Fees

1% on funds less than \$1 million  
.5% on funds \$1 million to \$5 million  
.25% on funds over \$5 million

### Investment Options

Funds may be invested according to the Foundation's asset allocation or an asset allocation specified by your organization.

### Restrictions

The nonprofit organization specifies a percentage of the fund's value, up to 5%, to be distributed annually. It is the intent of the Foundation and the nonprofit that the principal of the fund be preserved in perpetuity.

Organizations may pair an endowment with a designated fund to allow for increased flexibility.



# Determining Readiness

Launching an endowment fund requires commitment on the part of an organization's staff and leadership. The checklist and questions below help you determine if your organization is ready to start an endowment. Not every box must be checked for an organization to be "ready", however each topic helps start the conversation with board members as you plan for the future.

## Readiness checklist

### Mission

- Your organization has been in existence for several years and has been effectively carrying out your mission since its founding.

### Leadership

- Your leadership can articulate a case for preserving the future.
- Your organization is not experiencing a severe financial crisis or upheaval in leadership.
- You have volunteer leaders and staff who are willing to solicit endowment gifts.

### Donor Base

- Your organization has a solid donor base of individuals who have consistently given for at least five years.
- One or more prospective donors are identified to establish the endowment with current assets or you have reserves to seed the endowment now.

### Development Plan

- You have a development plan and staff is committed to integrating endowment building and legacy giving into the plan.
- If there has been a recent change of leadership, the new executive director and development personnel are committed to maintaining relationships with your donors.

### Growing the Endowment through Future Gifts

- Your leadership has established or is establishing a legacy program or society.
- Your executive director is committed to marketing your legacy society.
- You can identify prospects who are devoted to your mission and want to preserve it for future generations.
- Board members and staff are willing to include your organization in their own will, trust or retirement fund.

If you feel your organization is ready, consider these questions

- 1 What will the endowment purpose be (how will the distributions be used)?
- 2 Will an endowment benefit your mission and be relevant for future generations?
- 3 What size endowment will achieve your distribution goals?
- 4 How will you promote and market the endowment?
- 5 What roles will staff and volunteer leadership play in endowment building?
- 6 What types of gifts will you accept?