

## Article I:

### Successful Endowment Fundraising

<http://www.thefundraisingauthority.com/endowment-fundraising/successful-endowment-fundraising/>

by FUNDRAISING AUTHORITY TEAM

For many non-profits, raising money for an endowment is the ultimate dream. To have the resources and support to be able to raise an endowment above and beyond the organization's operating needs seems like a far-fetched yet very desirable goal.

The truth is that many non-profits who think they can't possibly raise an endowment actually could, if they were willing to put in the hard work, and wait for the reward, over a number of years. Mega-charities like large universities and hospitals, and some new organizations with major donor support, can simply run a two-year endowment campaign to raise an eight figure endowment fund. For smaller non-profits, it takes a much more thoughtful plan.

#### What is an Endowment?

Simply put, an endowment is a pool of funds raised by a non-profit organization which is then invested, and which provides returns or ongoing income to the non-profit, either for a designated purpose or for general operating support.

#### Should I Raise an Endowment?

When you think of endowment fundraising, you generally think of large non-profits raising hundred million dollar endowment funds. While those large institutions are often the most prolific endowment fundraisers, more modest sized non-profits can and should raise endowment dollars when they are able.

[Small non-profits](#), those raising \$5 million per year or less, should generally focus on expanding their general and annual fundraising programs before thinking about an endowment program. Likewise, charities that don't yet have a planned giving program should plan one before launching an endowment campaign. Don't cannibalize your annual fundraising efforts trying to raise a major endowment. That being said, mid-sized non-profits can use mid-sized endowments to increase their reach and let them reach that next level of charitable fundraising. I know of several \$5 million level non-profits that have successfully raised \$1 million + endowments, which provide them with \$25,000 – \$100,000 per year in additional general operating support.

It may not seem like much, but for many non-profits at this level, that extra \$100,000 per year means a new ongoing program, two new staff members, or other items that will take them to the next level.

## The Technicalities

Endowments are HRE's: Highly Regulated Entities. Before starting one, check with an experienced non-profit attorney and your accountant. You'll want to be sure you raise, invest, and disburse your endowment funds in a way that complies with all applicable rules and regulations.

## Why Donors Fund Endowments

Endowment fundraising is like other types of fundraising, in that it requires [making asks](#)... but it is unlike any other type of fundraising, in that what you are asking donors to do is to provide money now that will fund your good work forever. Donors like funding endowments with large gifts because they feel that it is a way to fund a cause they believe in on a regular and sustainable basis both now and long after they are gone.

When approaching donors for endowment gifts, remember this fact: if the donor supports your work, they likely want to make sure that you can keep carrying out your mission forever. Donors who give \$10,000 per year to your charity may be willing to give \$1 million to your endowment, if you cast a wide enough vision for them. *For more information and ideas on making endowment asks, be sure to read: [How to Ask Anyone for Anything](#).*

## Putting Together a Leadership Team

If you are launching an endowment fundraising effort, the best way to start is by putting together an endowment leadership committee to head up your fundraising efforts. Find people who are committed to your organization, able to give a sizeable gift themselves, and willing to make asks to their colleagues and friends.

## Tips for Successful Endowment Fundraising

Once your committee is together and you are out raising funds, remember these five tips:

### **1. Have a Strategic Plan for Your Non-Profit**

Endowment donors are giving because they want your organization to be sustainable. Make sure you have a plan in place for the future... and share that plan with donors and prospects.

### **2. Have a Reasonable, but Visionary Goal**

If you generally raised \$10 million per year, launching an endowment campaign to raise \$250 million over the next 3 years is unlikely to be successful. Likewise, if you raise \$10 million each year, launching an endowment campaign with a goal of \$15 million isn't likely to pique the interest of major donors, because it isn't a big enough goal. Set an endowment fundraising goal that is reasonable, but also reasonably big and game-changing for your non-profit.

### **3. Put Together a Professional-Looking Prospectus**

As you approach donors, you'll want to have a professionally designed prospectus that explains your organization, why you are raising the endowment, what the endowment income will fund, and what level gifts you are seeking. Major donors want to see your plan and understand your effort, and you want them to see that you are serious and committed to the process.

### **4. Seek Leadership Gifts First**

The best way to publically launch an endowment is with 25-50% of the goal already raised. If you're launching a \$10 million endowment campaign, approach your endowment leadership team, your organization's key donors, some supportive foundations, and other prospects to try to raise \$2-\$5 million in commitments before you publically roll-out your campaign.

### **5. Focus on Multi-Year Gifts**

Remember, many people who couldn't write you a check for \$100,000 right now *could* write you a check for \$20,000 each year for the next five years. Focus your endowment fundraising on raising major multi-year gifts, and make it easy for your donors to give by offering yearly or monthly invoicing and automatic credit card payments for those that are interested in them.

#### Article II:

What Motivates Endowment Donors to Give?

<http://www.thefundraisingauthority.com/endowment-fundraising/motivating-endowment-donors/>  
by FUNDRAISING AUTHORITY TEAM

For medium sized non-profits, building an endowment, however small, can mean the difference between sustainability and an early demise. Endowment funds are particularly important when lean economic times hit, as they provide a base source of funding that may allow the organization to carry on, even when annual donations dry up for a year or two.

Recently, I wrote an [overview of non-profit endowments](#). Today, we take a look at what motivates donors to give to an endowment fund.

It is important to understand what motivates the average endowment donor to make a gift. Generally speaking, endowment donors are motivated to give because they (a) already care about the organization and / or its mission, (b) want to make sure the charity or one of its programs is sustainable, and (c) have the ability to give. Let's take a look at each of these components.

#### Endowment Donors Care About the Organization and / or its Mission

This should go without saying, but often, it doesn't. The primary reason your endowment donors will give is because they care about your organization, or are passionately interested in your mission.

While annual donors may give because they know someone else who supports you, and even donors may give because they want to hang out with their friends, very few endowment donors give unless they have a keen and well-cultivated interest in what you do. Unless you are a "social status" charity (like a major metropolitan ballet or art museum), your endowment will grow as you make deep connections with potential large donors through your cultivation program.

You have to explain to donors [why your mission matters](#), and why your organization is uniquely qualified to make a difference.

#### Endowment Donors Want to Make Sure the Charity or One of its Programs is Sustainable

Why do some donors give to endowments, instead of annual funds? Because those donors care about the *sustainability* of your organization. They want to make sure that your non-profit, or at least one of its programs, continues its work indefinitely.

Of course, before donors give a gift to help you reach sustainability, they have to believe that you can reach that point. Some organizations are so poorly run, or have such parochial vision, that prospects see that no matter how much they give, your charity is not sustainable.

Show [fundraising prospects](#) that your organization is well-run, and has a good plan. Tell them why it is important that your non-profit be around, even after you and the donor are both gone. Invite the prospect to help keep your organization sustainable, in perpetuity, by making a major endowment gift.

#### Endowment Donors Need to Have the Ability to Give

For the most part, endowment gifts are on the larger end of the giving spectrum. What constitutes a “major gift” will vary by organization, but generally, endowment gifts are large gifts. In order to give to an endowment, a donor will need to have the ability to give at that large level.

Before walking someone down the endowment path, do your research. Be sure that prospect has the ability to give at the endowment level, either as a one-time gift or as a multi-year commitment. If they don't, consider approaching them for an annual gift or event sponsorship instead.