

EARN THE DOLLARS YOU NEED TO DO GOOD FOREVER.



A NONPROFIT FOREVER FUND WITH CENTRAL FLORIDA FOUNDATION ENSURES STEADY FUNDING TO FUEL MORE MISSION-DRIVEN CHANGE

A Nonprofit Forever Fund, also known as an endowment, generates income through investments and continues to grow — so your nonprofit organization can grow too. Donors can invest cash, stocks, bonds or complex donations like real estate and planned gifts, most of which check all the boxes for the maximum tax advantages under federal law.

Plus, when you open a fund with us, we handle all the investment management and administrative responsibilities, so your team can focus their efforts on what really matters: the mission.

**OPENING A NONPROFIT FOREVER FUND
IS A SMART, SAFE WAY TO KEEP YOUR
ORGANIZATION, AND YOUR IMPACT, GROWING.**

SO, WHAT EXACTLY IS A NONPROFIT FOREVER FUND?

A Nonprofit Forever Fund is to a nonprofit organization what an investment fund is to an individual — money is permanently set aside and invested so your nonprofit continues to earn funds to put toward your mission.

WE MAKE THE SETUP PROCESS EASY:

1. Your board determines how much you'd like to invest in the long-term.
2. Our expert staff will meet with you to complete the fund agreement.
3. We set up the fund in the name of your nonprofit's choosing.
4. You start earning continual capital for your nonprofit, helping you **do good forever.**

For more information visit cffound.org/nonprofits or contact Nicole Donelson at NDonelson@cffound.org or 407.872.3050.

**CENTRAL FLORIDA
FOUNDATION**

OVER TIME AN ENDOWMENT PROVIDES A STEADY INCOME STREAM, WHICH COULD ENABLE YOUR NONPROFIT TO:



- Accumulate funds to replace or update your facility
- Do long-term planning or research
- Meet a shortfall in normal operating support
- Check off other to-dos on your wish list
- Provide stability in an ever-changing world

An endowment shows that you are planning for the future of your nonprofit and are committed to serving the community. Many nonprofits even find having a structured endowment program attracts larger planned gifts. We're here to help you make sure your nonprofit is around for the long run through careful investing and administration of the fund.

FAQs ABOUT NONPROFIT ENDOWMENTS

WHAT IS AN ENDOWMENT?

An endowment is a permanent fund of cash, securities or other assets to provide income to support a nonprofit. Endowments are generally established by donor-restricted gifts and bequests to provide sustainability.

SHOULD ALL NONPROFITS HAVE AN ENDOWMENT?

Not necessarily. Nonprofits that are formed in support of short-term causes or particular events do not need endowments. Similarly, nonprofits that may be experiencing financial difficulty, lack a strong donor base or do not have a significant track record, should probably not consider creating an endowment at this time.

IS AN ENDOWMENT AN OPERATING RESERVE?

No. A nonprofit should have a readily accessible operating reserve to cover at minimum three to six months of its basic expenses in an emergency. An operating reserve is a board designated fund that may act like an endowment because the board chooses not to expend the principal for current operations. However, the principal is available for use if the board chooses to spend it. In this case, the funds are not true endowed funds. Usually, operating reserves are managed and invested by the nonprofit's staff and board. An endowment held at the Central Florida Foundation cannot be invaded for any reason.

WILL HAVING AN ENDOWMENT CONFLICT WITH CURRENT DONORS' GIVING?

Developing an endowment is very different from fundraising for current operating support or even a capital campaign. The addition of an endowment presented to your current donors can encourage them to provide additional long-term support since it shows your effort to plan for the future, and opens the door to sizable planned gifts that a donor could not give during their life. However, a nonprofit hoping to begin raising funds for an endowment should have a well-developed base of diverse and dedicated donors. An endowment campaign that is launched without careful planning, communication with current donors and outreach to new donors can have a negative impact on regular giving.

On the other hand, a nonprofit that has had a windfall contribution, such as a bequest, is in a great position to establish an endowment without undermining its annual campaign. The larger a nonprofit endowment grows, the more capital it is likely to attract.

FAQs ABOUT NONPROFIT ENDOWMENTS

WILL THE CENTRAL FLORIDA FOUNDATION HELP US RAISE FUNDS FOR OUR ENDOWMENTS?

No. Instead, we are happy to work with donors to help them understand the sense of permanence that an endowment brings and encourage them to contribute to your endowment. We are also able to accept gifts of stock, real estate and other appreciated assets that may be too complicated for some nonprofits to handle.

WHAT HAPPENS IF WE HAVE AN EMERGENCY AND NEED THE ENDOWMENT MONEY?

A permanent endowment held at the Central Florida Foundation can never be invaded. We recommend that a nonprofit have an operating reserve of at least three to six months of expenses that can be accessed in an emergency.

IS AN ENDOWMENT THE SAME AS A PLANNED GIVING PROGRAM?

Sometimes the terms are used interchangeably, but they are really two separate things. An endowment is built over time and many gifts can be used to build it. Many of the gifts could be planned gifts. Planned giving generally refers to gifts given through legal structures (e.g. charitable trusts), usually to benefit the donor's tax situation or estate planning. Examples of the types of gifts that can build the endowment fund include: cash, appreciated securities, real estate, life insurance, IRAs, bequests and trusts. Name us as primary or contingent beneficiary.

COULDN'T WE JUST MANAGE THE ENDOWMENT OURSELVES?

Many boards of directors have members with investment expertise and it is possible that they and your staff could manage an endowment. However, managing an endowment may consume a good portion of staff and board time which would be better directed at delivery of the nonprofit's programs. Careful consideration should be given to conflict of interest issues that may surround a board-managed endowment. It is also possible that donors who are interested in endowment funding would feel more comfortable with the independent stewardship provided by the Central Florida Foundation.

Central Florida Foundation has professional expertise in endowment management. Its assets are pooled to achieve a higher return taking limited risk. Central Florida Foundation also provides important services to nonprofits and assumes responsibility for:

- Legal administration of the fund
- Receiving and processing additional assets at any time
- Managing the investments of the fund
- Providing quarterly online statements on the balance and activity of the fund
- Calculating annual spending amounts