

Endowment Building Clinic

2012 AAM Annual Meeting
Minneapolis, April 30, 2012

Panelists:

Diana S. Newman, CFRE, Executive Vice President
Benefactor Group, Columbus, OH
614-437-3000 / diana@benefactorgroup.com

Stephanie Schweiger, JD, Gift Planner
Minnesota Philanthropy Partners, St. Paul, MN
651-325-4285 / Steph.Schweiger@mnpartners.org

Margaret Young-Sanchez, PhD, Frederick and Jan Mayer Curator of Pre-Columbian Art
Denver Art Museum, Denver, CO
720-913-0174 / myoung@denverartmuseum.org

Endowment Building Clinic

Agenda

Introductions

Comments by Presenters

1. Endowment definition, case for support, prospective donors, and elements of successful endowment building **Diana**
2. Endowments for curatorial projects/programs, garnering support of board and staff, stewarding donors, budgets **Margaret**
3. Community resources to help process gifts/invest funds, needed policies, kinds of gifts & gift vehicles **Stephanie**

Breakout Discussion and Q&A

Overview of Discussions by Presenters and Wrap-up

Diana S. Newman, CFRE
Author, *Nonprofit Essentials: Endowment Building*

En•dow•ment

A pool of money invested for total return, with a percentage of the endowment's balance paid out annually for use by the organization as the donor stipulated or as the board determines.

Endowment ...

Is not...

- A savings account
- A rainy day fund
- Emergency reserves
- A substitute for annual fundraising



Is...

- Intentional
- Ongoing
- Sustainable
- Well managed
- Disciplined
- Predictable
- Future oriented

Three Types of Endowments

- True or permanent

The donor has stated the gift is to be held permanently as an endowment

- Quasi (funds functioning as endowment)

The board of directors has designated organizational funds to the endowment

- Term

Funds set aside to act as endowment for a set period of years or until a future event

Endowment ≠ Planned Giving

Endowment:

How the gift is used

- An endowment gift is invested for long-term total return
- A small portion of the fund's balance is distributed annually for use by the organization
- Endowment is often built through planned and deferred gifts



Planned Giving:

How to give

- Gifts that result from the donors' personal, financial, and estate planning decisions
- Sometimes given now, often deferred
- Contributions made as a result of a thoughtful process for endowment or current use.

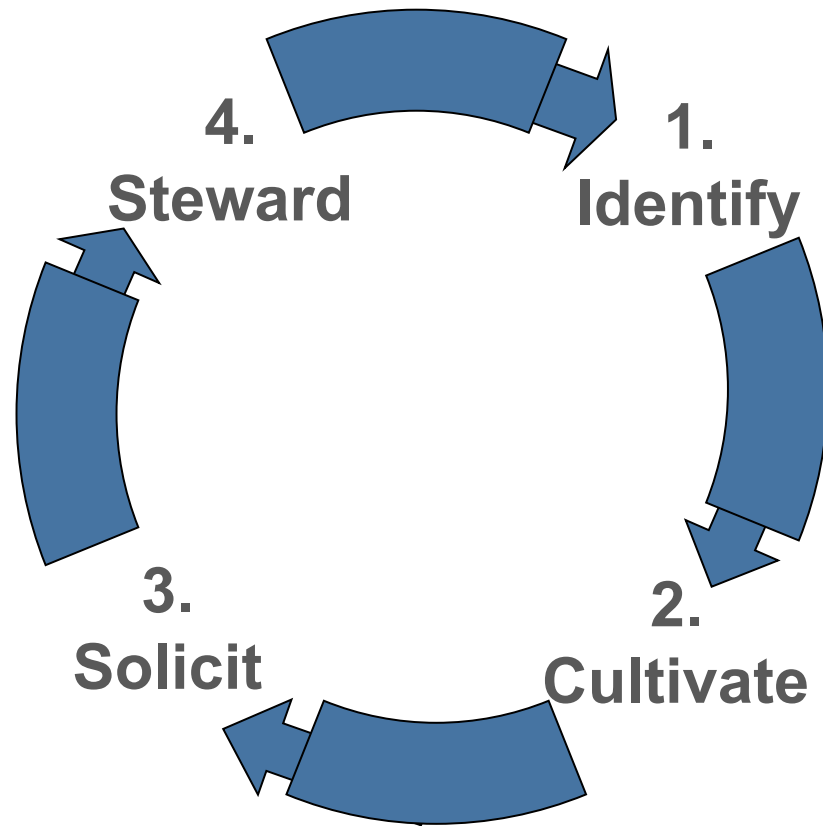
Defining a Case for Endowment

- What is your organization's vision
- Why should donors make a long-term investment in your museum?
- What options do donors have?
 - Unrestricted gifts of any amount
 - “Field of Interest” funds (e.g., scholarships, programs)
 - Designated funds (\$50,000 or more)
 - Legacy Society membership
- How will your organization be a good steward of the endowment?

Ways to Build Endowment

- A focused endowment campaign
- A component of a capital campaign
- Comprehensive campaign
- Sustained planned giving program
- Legacy Society
- Board designation of assets
- Set aside proceeds from an event or activity
- Luck/windfall gifts

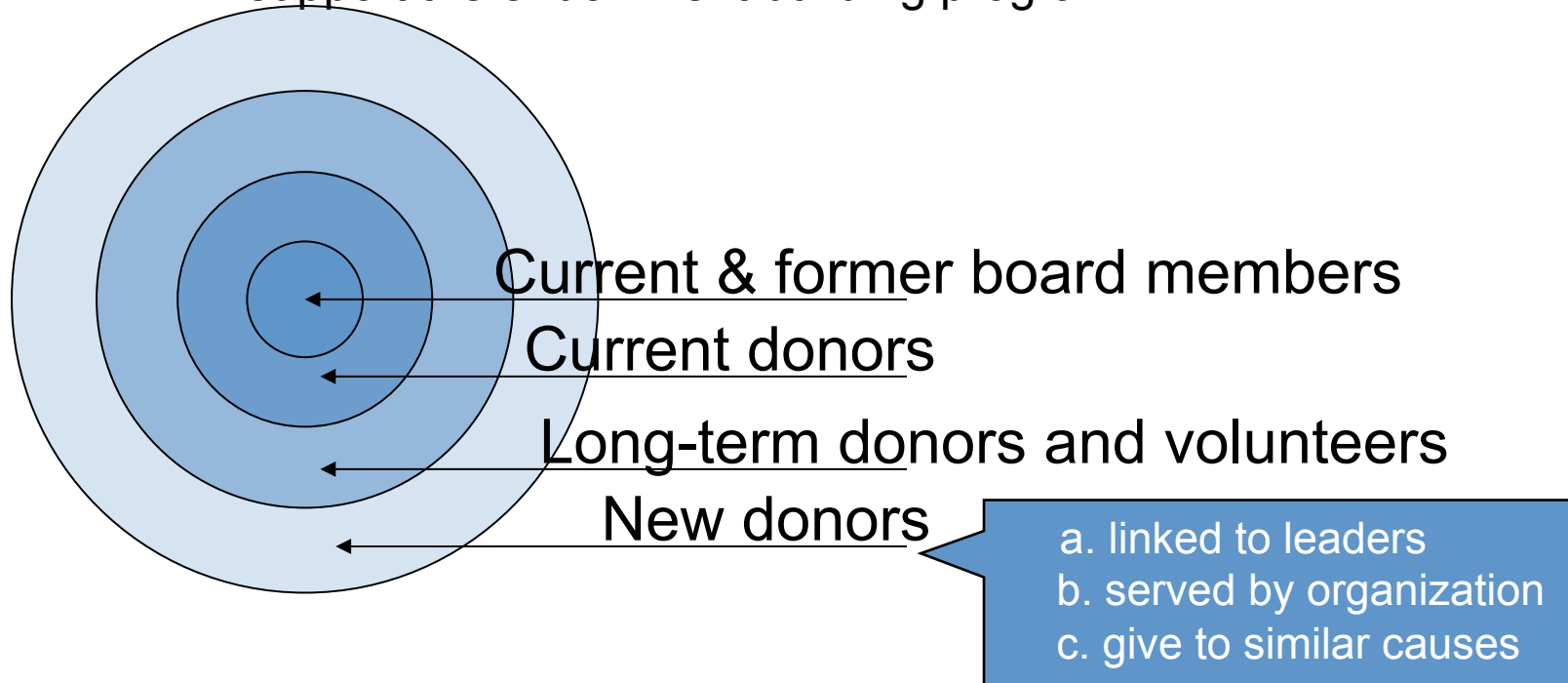
Endowment Giving Process



Endowment Giving: Identification

Who are the potential donors?

- Individuals, primarily
- Corporations & foundations, usually not but may support the endowment building program



Understanding Endowment Donors

- **Why they give**
 - Passion for the mission
 - Shared values/beliefs
 - Desire to make a difference
 - Give something back
 - Leave a legacy
 - Confidence in the organization/solicitor
 - Dedication to a specific program
 - Recognition in perpetuity
 - Tax, financial advantages
- **Why they don't give**
 - They were never asked (or asked in the wrong way)
 - Lack of follow up
 - Insufficient passion
 - Lack of confidence in the organization or its leaders
 - Financial insecurity

Endowment Giving: Stewardship

- Meet in person; listen
- Discuss values and beliefs
- Seek an investment in the future of your organization
- Cultivate a lifelong donor and advocate for your museum
- Report what the endowment draw has accomplished

Endowment Action Program

- **Identify Prospects**
 - “Check box” on all reply devices
 - Data mining
 - Professional advisors committee
 - Legacy Society events
- **Cultivate and Educate**
 - Legacy events
 - Publications
 - Web site
 - Visit face-to-face
- **Invitation/Solicitation**
 - Follow up
 - Benefits & recognition

Margaret Young-Sanchez, PhD
Curator, Denver Art Museum

Museum budgets must balance priorities and allocate scarce resources:

- Overhead costs
- Staffing
- Program (Exhibitions, public activities and services, publications, research)
- Capital projects

Competing priorities can squeeze programs, and the staff that create them

Program endowments provide assured, stable funding, permitting:

- Ambitious, multi-year programs
- Programs with narrow constituencies
- Unconventional or unfashionable subject matter and approaches

Such programs provide value to the community, promote scholarship, and enhance reputation

Denver Art Museum curatorial department endowments support:

- Staff (curators and support staff)
- Conservation and research
- Scholarship (fellowships, publications)
- Public education (installations, symposia)

Endowment funds relieve pressure on the general fund, reduce competition with other priorities

Key to successful endowment building:

- Identify key institutional program priorities
- Visioning to clarify program goals, define success
- Calculate annual costs, including realistic staffing
- Calculate endowment needed, based on conservative rates of return
- Identify lead donor, use lead gift to solicit additional funds
- Devise program implementation schedule; monitor progress

Stephanie Schweiger, JD
Gift Planner, Minnesota Philanthropy Partners

Considerations

- Fundraising
- Investment
- Policies

Partnership with Community Foundation

- Consistency
- Support
- Oversight
- Expertise

Breakout Discussions

In-depth Q & A of Presenters

1. Choose the area of expertise in which you are most interested in learning more.
2. The three presenters will split-up to different areas of the room.
3. At 3:00, we will reconvene as a whole for a brief summary of the discussions from each of the presenters and closing comments.

Endowment Building Clinic

Thank you for your participation. Contact us with any follow-up questions.

Panelists:

Diana S. Newman, CFRE, Executive Vice President
Benefactor Group, Columbus, OH
614-437-3000 / diana@benefactorgroup.com

Stephanie Schweiger, JD, Gift Planner
Minnesota Philanthropy Partners, St. Paul, MN
651-325-4285 / Steph.Schweiger@mnpartners.org

Margaret Young-Sanchez, PhD, Frederick and Jan Mayer Curator of Pre-Columbian Art
Denver Art Museum, Denver, CO
720-913-0174 / myoung@denverartmuseum.org