



Effective endowments clearly communicate the organization’s vision to its members and supporters. This guide will assist in developing an effective endowment fund, or help strengthen an existing one.

### 1. Endowment purpose (please check all that apply)

What will be supported? Specifying the endowment fund use will ensure clear and consistent communication and will assist in building the confidence that your ministry has a well thought out plan to receive and distribute planned gifts.

Operating Budget

Ministries and Programs (list below):

\_\_\_\_\_

\_\_\_\_\_

Mission Outreach (Specify):

\_\_\_\_\_

### 2. Spending Policy

How much will be used? Most endowments serve to keep your principal intact and only allow income to be used. This allows the fund to last in perpetuity. It is possible to establish an endowment that provides flexibility using income and principal. Keep the purpose of the fund in mind when deciding.

All income                       A portion of the income (define): \_\_\_\_\_

Some Principal                 All of the principal (define): \_\_\_\_\_

For some institutions it may be necessary to define what income is. Monies invested with American Baptist Foundation (The Foundation) will receive consistent income over time in clearly defined terms.

### 3. Changing endowment terms

Greater flexibility equals more ability to respond to a change in the endowment fund structure. Less flexibility provides more certainty on how the monies will be used. What is your flexibility?

Unlimited     Limited (special circumstances)     Very Limited (governed by By-Laws)

Irrespective of your decision, it is important that all supporters understand the right to change terms.

### 4. Accepting gifts with differing restrictions

Gifts with differing terms can be used to establish a separate endowment or a sub-account of the existing endowment. The Foundation encourages the acceptance of as many gifts as possible to benefit ministry and mission. As an alternative, individuals may create individually named endowments with the Foundation. These may be used to benefit their ministry or mission of choice.

Always Accept     Accept only with approval     Never accept

Individuals may prefer to give planned gifts, which are used differently from the endowment.

### 5. Unrestricted Gifts

In most cases unrestricted gifts cannot be fully converted to permanently restricted use. If a gift is added to an endowment with specified terms, it may be released from any ministry and mission defined restriction. Another alternative may be to establish an account to accept only unrestricted gifts. The Foundation can also assist with the creation and administration of unrestricted funds.

Never add them to the endowment     Add them under certain circumstances

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# Strengthening Your Financial Future

## Endowment Fund Checklist

(Continued from previous side)

### 6. Who will administer the fund?

A governing group is responsible for administering the endowment under the supervision of a governing body.

Officers of the ministry     Special Endowment Committee

Other (Specify): \_\_\_\_\_

Determining who is in charge of distribution approvals should be considered. This may be the same group as above or the governing body can determine other approval channels.

### 7. Who will promote the fund?

A communication and celebration strategy should be put in place.

Same as for administration (above)     Other (specify): \_\_\_\_\_

For our investors, the Foundation can provide guidance, resources, and education.

### 8. Distribution Frequency

The purpose of the endowment should dictate the distribution frequency which is most practical.

Annual         Semi-Annual         Monthly         Other (define): \_\_\_\_\_

The Foundation has a flexible administration platform that allows flexible distribution options and timely receipt of funds.

### 9. Reporting

Ministry organizations should require annual reports detailing balances, investment performance, income, distributions, etc. Who should receive these reports?

Endowment Committee     Governing Body (if different)     Other: \_\_\_\_\_

The Foundation provides quarterly statements and has the ability to generate customized reports. Online access to fund information is also available

### 10. Borrowing against the Endowment

Prohibited         Allowed, under special circumstances (specified)

**Be aware** that borrowing against a fund may result in penalties, taxes, or loss of exempt status if borrowed funds are used to purchase an investment or a purpose outside of ministry objectives. The Foundation does not provide loan recordkeeping services.

### 11. Acceptable Assets (Gift types)

The Foundation's established gift policies allows the acceptance of most types of gifts on your behalf for the benefit of our investing partners. Please specify your gift type:

Cash         Securities (publicly traded)         Collectibles

Real Property     Securities (non-publicly traded)     Other: \_\_\_\_\_

### 12. What will you name your endowment fund?

Name: \_\_\_\_\_