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Nonprofits Need Endowments To Survive

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With deep cuts in government grants from Florida's city, county and state treasuries, many nonprofits are facing gut-wrenching budget decisions.

Governments had little choice. Tax reductions left them with little room to maneuver and major budget decisions of their own.

Many times budget cuts can have a positive effect on efficiency, and I am sure a lot of that is taking place right now. But while streamlining is taking place, essential services can take deep hits also. It is the deep cuts and what we can do about it in the future that need to be discussed.

This current financial round will be difficult because most nonprofits had so little time to prepare. After this, we at least know what needs to be done, even if it takes time.

What needs to be done is what colleges and universities have known for decades. Endowment funds can be the sustaining monetary programs that provide steady income. Some nonprofits have endowment funds, but not nearly enough nor large enough.

The Community Foundation of Tampa Bay has been helping local nonprofits build endowments for the last seven years. Here's how it works:

A nonprofit signs a Challenge Grant agreement that it will achieve a goal of between \$50,000 to \$500,000 and for every \$3 they raise, the foundation contributes one dollar. If an organization has a \$100,000 goal, when it reaches \$75,000, the foundation adds that last \$25,000 and they have three years to do it.

This program gives "sizzle" to endowment building and it works. The original program investors created a pool

of \$2 million and that \$1 added to the three created another \$6 million or a total of \$8 million.

With additional donations and investment market appreciation, the fund now equals \$13.5 million and pays out to the participants over \$625,000 in semi-annual payments.

The program has created funds for 61 nonprofits and we are in the process of renewing it since the original pool has been exhausted. If this type of program had been done 25 years ago - many communities in the Midwest and Northeast started 75 years ago - we would probably not be in the predicament we are in now.

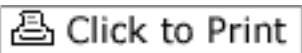
Will these endowments help now? Probably only a few will benefit, but we are building for the future and there is no time like now.

Any nonprofits who are interested in the Challenge Grant program should call the Community Foundation of Tampa Bay at (813)282-1975 or check out our Web site at www.cftampbay.org to see if you qualify.

David Fischer is the president and CEO of the Community Foundation of Tampa Bay.

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