

## **Eckerd Family Foundation Endowment-Related Grants – Guidelines**

The most common endowment-type grant is general in nature, held in perpetuity and invested to produce regular, periodic income and grow the fund. Other types of grants include special-purpose endowments and endowment-related grants.

Where there is a compelling connection between the foundation's mission and current priorities and the work of the applicant organization, an endowment-type grant may be considered. These grants are a unique form of capital grant and, when appropriate, can provide a secure base of resources which may partially alleviate the need for core support, reduce dependence on specific funding sources and facilitate long-term financial planning. Initiating inquiry regarding endowment-type support should only be made after serious and thoughtful consideration and self-examination. Usually, an endowment grant is considered after a feasibility study has been concluded that is consistent with the organization's strategic plan. There should be a plan for the investment and management of the endowment funds, usually addressed by the governing body through the establishment of investment goals, a strategy for achieving the organization's objectives within the terms and conditions set by donors and appropriate investment policies and guidelines. Development of a relationship with the local community foundation should be considered.

### **Criteria:**

Candidates for endowment-type or endowment-related grants will ideally have the following organizational and capacity characteristics:

- a track record of outstanding performance and capacity to adopt to changing priorities and needs in its field over time;
- strong leadership and experienced management;
- a plan for leadership transition and board succession, strength and development;
- an active and diverse board that truly governs the organization;
- financial stability during several previous years, with income at least equaling expenses;
- fiscal accountability, with annual outside audits;
- a diversified base of support;
- evidence of board and staff commitment to pursuing an endowment strategy;
- sufficient staff and other capacities to conduct an endowment campaign, manage an investment program and continue raising core and project support; and,
- the potential to raise matching support from other donors.

Some of the considerations relating to endowment-type grants are also common to capital grants addressing building and equipment needs. The guidelines applicable to those grants should also be reviewed. In submitting a concept paper relating to endowment, the factors listed above must be specifically addressed.

**Amount:**

What is an appropriate amount? Requesting an amount that is too large or too small in relationship to the purpose of the fund can indicate a lack of preparation and that the request for endowment support is premature. The foundation will only consider requests for matching or challenge grants and its support will rarely rank among the largest contributions. Any request should be structured to generate the greatest leverage for generating other support.

**Evaluation:**

As with capital grants, the foundation requires the organization to have in place some methodology by which it can measure the impact of the endowment. Usually this is reflected in a strategic financial plan and the endowment feasibility work.