



Foundation Fundamentals

► by Milford Jenkins, Angus Foundation

Funding of Angus Foundation operations

No different than in past years, Oct. 1 marks the start of your 501(c)(3) not-for-profit Angus Foundation's fiscal year. One difference, however, will be activation of the organization's first-ever fee program for the management and administration of new endowments and certain charitable gifts received. Fees of this nature to generate revenue for an organization's operations are, in all actuality, common practice in the not-for-profit sector. Depending on the charity, its policies and the type of gift it is receiving, these fees can be 1%-10% or even higher.

Foundation history

To understand the case for these fees, one must first look at how the Angus Foundation's operations and administrative expenses have been funded through the years.

From the organization's start in 1980 until 2003, American Angus Association staff, though already having full schedules and responsibilities for their own jobs, tended to the administrative needs of the fledgling entity when they had a few minutes to spare, at no cost to the Angus Foundation.

Then, in the late 1990s and early 2000s, when the organization's increasing value to the Angus breed and unlimited potential for further growth became more apparent, the American Angus Association began dedicating resources to hire full-time staff to lead this entity's efforts.

The old business adage, "You must spend money in order to make money," holds true even when it comes to raising money.

Off and running in May 2004 with a professional fundraiser, marketing and administrative support staff, the Angus Foundation's operations have been funded annually with \$300,000-\$325,000 through the parent American Angus Association's annual budget. This mutually beneficial funding arrangement remains in place today, meeting both organizations' needs well.

Revenue sources

The Angus Foundation's revenues come in the form of charitable contributions, royalties, merchandise sales and investment income. Angus credit card royalties and merchandise sales revenue are received unrestricted and non-endowed, meaning the funds, after expenses, are available for general support of programs (e.g., education, youth and research) or

administrative costs in our organization's board-approved budget.

Charitable contributions, however, are received either unrestricted for general support or restricted for a specific purpose(s). Either way, restricted or unrestricted, as requested by the donor, their funds will then be permanently endowed or non-endowed by the Angus Foundation accordingly to help the donor achieve the goals and objectives they have for their philanthropic gift to our organization.

Relative to investment income, depending on market conditions, any income generated annually by the Angus Foundation's investments likewise will either be unrestricted and available for general support or restricted for a specific purpose.

One example of the latter is a scholarship funded at a level per our annually board-approved spending policy with investment income generated from a permanent endowment established by a donor.

Continued stewardship

To our immeasurable delight and that of our Angus youth, thanks to members and commercial producers whose lives the Angus Foundation's programs have impacted through the years, the Angus Foundation's assets as of July 31 exceeded \$14.5 million. Of those funds, 91% are restricted for the support of specific purposes.

In a very enviable position compared to other charities, because of the American Angus Association's annual dedication of resources for the management and administration of the Angus Foundation's operations, no "off-the-top" gift fee or annual management or administrative fees were applied at the receipt of the

gift, or thereafter on an annual basis to contributions received.

Our volume of charitable gifts and portfolio of permanent endowments has, however, continued to significantly increase through the years, as has the management, administrative responsibilities and expenses thereof involved to operate the Angus Foundation's activities at the level our supporters and members have come to expect, as well as deserve, from us.

Hence, the need to increase revenue

for management and administrative purposes was a must, and our Angus Foundation board of directors unanimously moved forward last June with the historical visionary

passage of a 1% administrative fee on non-endowed unrestricted gifts and a 1% annual management fee on endowed fund balances effective Oct. 1. Non-endowed restricted gifts will also be assessed a 1% administrative fee upfront and 1% annual management fee. (Other fees may apply depending on the type of gift, such as a planned gift).

In appreciation to our past donors for their charitable support and dedication to the Angus Foundation, all existing endowments will be "grandfathered" in under the Angus Foundation's recently approved policy.

A self-sustaining entity

Yes, it will take time, perhaps several years, before the revenue generated from these fees is able to offset the organization's management and administrative expenses currently being financed by the parent company.

In closing, it's our hope you too will appreciate there's a cost to doing business, even for fundraising, and this will not stand in the way of your continued enthusiasm for charitably supporting your Angus Foundation!

EMAIL: mjenkins@angusfoundation.org

Author's Note: Milford Jenkins is president of the Angus Foundation. Visit www.angusfoundation.org for more information regarding the Angus Foundation.