

Outer Banks Community Foundation

2017 Matching Fund Challenge and Marketing Mini-Grants

Frequently Asked Questions (And Answers)

What is this Matching Fund Challenge, and what are the Marketing Mini-Grants?

The Community Foundation is offering two special grant opportunities in 2017. First, through our Matching Fund Challenge, we will award 10 grants of \$3,500 each, which includes \$2,500 as a matching grant for a new or existing endowment with the Community Foundation, plus \$1,000 as a Marketing Mini-Grant to publicize that endowment. In addition, the Community Foundation will also award five more stand-alone Marketing Mini-Grants of \$1,000 each to other groups that already have Community Foundation endowments but are not participating in the Challenge.

Why is the Community Foundation offering this program? How are endowments helpful for nonprofits?

Our goal is to help our local nonprofits create, build, and promote permanent endowments to sustain their organizations for the future. An endowment can benefit nonprofits for generations to come by providing reliable annual revenue. This is important especially here on the Outer Banks, where the competition for grants and donations is fiercer than ever. An endowment can provide an organization with stable, easy income for the long term, and can also attract significant planned gifts from donors who wish to leave a legacy.

What exactly is a nonprofit endowment fund?

A nonprofit endowment fund is a permanent fund that is invested by the Community Foundation for long-term growth on behalf of a nonprofit organization. The nonprofit can receive annual distributions from its fund for any charitable purpose — up to 5% of the fund balance each year — while the principal remains invested in perpetuity to serve that organization's mission. The Community Foundation's average annual return on investments is over 8.8%, which means that our endowments continue to grow, while making annual distributions to support our nonprofit partners. For more information about nonprofit endowments, see our "Nonprofit Funds" flyer, further in this packet.

What are the requirements for the match?

To receive the \$2,500 in matching funds, the organization must raise or contribute \$2,500 for the organization's endowment by November 30. The organization's match can be from third-party donors and/or contributed from the organization itself. Any gifts from third-party donors for the \$2,500 match must be collected by the nonprofit and brought to the Community Foundation all at once. We can produce tax receipts for the third-party donations, but they need to be collected by the nonprofit and brought to us all together.

How do we reserve our slot — do we need to raise the \$2,500 in order to guarantee our slot?

There is no application necessary to participate in the Matching Fund Challenge. Starting Monday, February 20, any nonprofit serving the Outer Banks can sign up on a first-come, first-served basis. Contact Lorelei Costa (lcosta@obcf.org or 252-261-8839) to confirm that your organization meets our eligibility requirements (e.g., 501c3 status). After that, your organization's slot is secured as soon as we receive your signed letter of intent to raise the matching funds. The Community Foundation will provide the letter. We must receive the matching funds by November 30, 2017. To be clear: You don't need to have raised the funds in order to reserve your slot; you just need to commit to doing so by November 30.

Who is eligible to participate?

Charitable nonprofit organizations with current 501c3 status are eligible if they serve the Outer Banks of North Carolina, including Dare County, Ocracoke, and/or the Currituck beaches, or any part thereof. Organizations that serve a larger area beyond the Outer Banks are also eligible, but the endowment fund must be restricted to projects benefiting the Outer Banks.

My organization has an outstanding Community Enrichment Grant and/or wants to apply for one in the future. Can we have a Community Enrichment Grant and participate in this opportunity?

Yes! The Matching Fund Challenge and Marketing Mini-Grants are separate from our Community Enrichment Grants; thus your participation in either program will not affect your eligibility for the other.

My organization already has an endowment with the Community Foundation. Can we participate in the Matching Fund Challenge?

Yes! Up to four slots in the Matching Fund Challenge are available to organizations that already have funds with the Community Foundation, and more slots may be available in the second half of the year, pending availability. Alternatively, organizations with existing endowments can sign up for one of the five stand-alone Marketing Mini-Grants, which provide \$1,000 awards to help organizations promote and publicize their funds.

Can churches, faith-based organizations, and/or advocacy organizations participate?

We proudly manage endowments on behalf of many local churches, religious charities, and advocacy-focused charities. However, because our matching dollars are contributed from the wider community, we are not able to award matching grants to organizations that primarily seek to promote religious beliefs, and/or that are primarily engaged in lobbying or policy advocacy. Faith-based organizations that address the needs of the wider community, irrespective of a client's religion, are certainly eligible for grant funds. Please call our staff if you have questions about your organization's eligibility.

Are you requiring participants to do any publicity around their endowment?

Yes. The Community Foundation will publicize the Challenge and announce the names of all organizations that participate, but we also ask participants to: 1) publicize their participation in the Challenge, as well as the endowment after it's created; 2) supply us with two high-resolution photos that tell the story of the organization's work; and 3) add the Community Foundation's logo to the organization's website with a note that we manage your endowment. Any or all of these costs (including contract labor) can be covered by the Marketing Mini-Grants.

I am a donor. May I contribute some or all of the matching funds on behalf of my favorite charity?

Absolutely! However, we will still ask for a signed letter of intent and fund agreement from the charity that will benefit from the endowment.

Can my organization withdraw our endowment if we need the money for immediate needs?

Flexible funding is important for nonprofits, and we always recommend that nonprofits keep a liquid, nonendowed "reserve fund" for immediate needs. An endowment is different. An endowment is intended to be a perpetual fund whose principal remains intact and invested, while only the earnings are spent each year. A nonprofit can create a nonendowed reserve fund with the Community Foundation, which can be spent down to \$0, but this Matching Fund Challenge is only for permanently endowed funds. That said, it is common to add an emergency distribution clause to an endowment fund agreement, though emergency distributions are only for true emergency purposes (e.g., if a fire destroys your building) and must be first approved by the Community Foundation board.

My organization's fund agreement includes the "50% Option," which allows us to request a distribution of 50% of prior year contributions to the fund, on top of our normal 5%. Are the matching funds eligible for distribution through the 50% Option?

The intent of the Challenge is to build your permanent endowment; thus, neither the Community Foundation's grant of \$2,500, nor your matching funds of \$2,500, will be eligible for immediate distribution under the 50% Option.

What are the requirements of the Marketing Mini-Grants?

Marketing Mini-Grants are available to every organization participating in the Matching Fund Challenge, as well as five additional organizations that already have endowments with the Community Foundation. Marketing Mini-Grants are paid on a reimbursement basis and can cover any kind of promotional work for the organization's endowment. For example, Marketing Mini-Grants can pay for the design, production, and/or distribution of brochures, mailings, videos, web pages, social media, and advertisements. Any materials covered by a Marketing Mini-Grant should be cobranded with the Community Foundation, and we also ask for a chance to review a final draft of the piece to ensure accuracy of information and integrity of cobranding. Any piece covered by a Marketing Mini-Grant should focus its message on the endowment fund.

How can I sign up for a Marketing Mini-Grant?

If your organization has signed up for the Matching Fund Challenge, you are already eligible for a Marketing Mini-Grant. Additionally, stand-alone Marketing Mini-Grants are also available to five more organizations on a first-come, first-served basis. To sign up, contact Lorelei Costa (lcosta@obcf.org or 252-261-8839) on or after Monday, February 20 to confirm availability and your organization's eligibility. Then, send us a brief email describing your marketing plan: your intended message, audience, medium, distribution, budget, and timeframe.

Can the Community Foundation help us raise the matching funds and/or grow our endowment in future years?

Our Marketing Mini-Grants are intended to give your organization some initial, critical resources to promote your endowment for the purpose of the Challenge and beyond. Additionally, in the fall of 2017 we will be offering a free seminar on Legacy Fundraising. This training will include an introduction to endowments, an introduction to basic planned giving concepts (e.g., bequests, trusts), and ideas for starting the "Legacy Conversation" with your supporters. Beyond these resources, the Community Foundation is always available to provide technical support for any planned gift to your fund, including help with bequest language, trust documents, gifts of life insurance or real estate, and more. There are no fees for our planned giving services. Additionally, anyone can contribute to your fund at any time through the Community Foundation, and we process all such gifts and mail all required tax receipts.

If my organization isn't ready to participate this year, will there be another opportunity to do so in the future?

Yes! The board of the Community Foundation intends to renew the Matching Fund Challenge for a second year in 2018. We may modify some aspects of the program next year after we learn what works and what doesn't work for our grantees.