

## 5 Important Considerations for Nonprofit Endowment Management

**5 IMPORTANT CONSIDERATIONS FOR NONPROFIT ENDOWMENT MANAGEMENT**

If you're looking for dependencies, one critical resource for your nonprofits, look no further than endowments. Endowments diversify risk and ensure you spend your annual fundraising money wisely, properly manage spend, can earn 50% returns—typically half of what you'd make on bonds or annual investments and still be green for endowment for the future.

When choosing endowments, use the same criteria of asset location, asset class, and risk level. Don't invest in a single asset class or sector. Diversify your portfolio to include equities, fixed income, and alternative investments. Consider the impact of inflation and other risks on your investments. Consider the impact of the donor's estate plan on the endowment's management. Consider the impact of the donor's estate plan on the endowment's management. Consider the impact of the donor's estate plan on the endowment's management.

**1** **Stable** In an AccuFund survey of 20 nonprofits, 24% of endowments were over \$10 million. 10% were over \$5 million, 11% were over \$1 million, and 55% were under \$1 million. Because more than 1 billion nonprofits exist in the U.S., it's no surprise that nonprofits, approximately 4% of nonprofits are managing endowments, and it's likely that more nonprofits will consider endowment in spending funds which means their spending is more dependent on a single source.

**2** **Accounting** For those nonprofits that are currently not accounting for their endowments, the 2015-2016 survey found that 20% of nonprofits are using their endowments for managing their operations. 20% of nonprofits are using their endowments for managing their operations. 20% of nonprofits are using their endowments for managing their operations. 20% of nonprofits are using their endowments for managing their operations.

**3** **Technology** Nonprofits are using a variety of technologies to manage their endowments. 20% of nonprofits are using their endowments for managing their operations. 20% of nonprofits are using their endowments for managing their operations. 20% of nonprofits are using their endowments for managing their operations. 20% of nonprofits are using their endowments for managing their operations.

**4** **Investment** Nonprofits are investing in a variety of assets. 20% of nonprofits are using their endowments for managing their operations. 20% of nonprofits are using their endowments for managing their operations. 20% of nonprofits are using their endowments for managing their operations. 20% of nonprofits are using their endowments for managing their operations.

**5** **Reporting** Nonprofits are reporting on their endowments in a variety of ways. 20% of nonprofits are using their endowments for managing their operations. 20% of nonprofits are using their endowments for managing their operations. 20% of nonprofits are using their endowments for managing their operations. 20% of nonprofits are using their endowments for managing their operations.

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Based on the **2015-2016 Endowment Accounting Insights & Analysis Survey\***, which sought information central to endowment accounting management, this tip sheet offers 5 areas of consideration when managing current endowments or considering the pursuit of new endowments.

Register to download the Endowment Tip Sheet.

*\* AccuFund commissioned publisher Nonprofit PRO to survey its readers (nonprofit finance professionals and top organization management) to benchmark the methods used to manage endowment accounting. 272 endowment professionals responded.*