



Wisconsin Conservation Endowment Frequently Asked Questions

Planning for the future in Wisconsin involves making sure the necessary financial resources are available to care for the natural resources that we cherish. Through the Wisconsin Conservation Endowment, the Natural Resources Foundation of Wisconsin serves as a community foundation for the state of Wisconsin. The Foundation provides individuals and organizations who care deeply about our natural resources the opportunity to leave a legacy of sustained support for:

- ❖ General conservation needs
- ❖ A favorite conservation organization or program
- ❖ A particular habitat or landscape
- ❖ A particular or endangered species

Q. What is the Wisconsin Conservation Endowment?

- A.** The Natural Resources Foundation of Wisconsin provides individuals and organizations the opportunity to create permanent conservation funds for the conservation cause of their choosing, be it a specific land or waterway, wildlife species, conservation program or organization. Individual endowed funds are pooled together in our Wisconsin Conservation Endowment (WCE), which was created in 2006 and currently contains more than 80 endowed funds, totaling nearly \$7 million in assets.

Q. Why work with the Natural Resources Foundation?

- A.** Our mission is to provide sustainable funding for Wisconsin's most imperiled species and public lands, while connecting generations to the wonders of Wisconsin's lands, waters, and wildlife through conservation, education, engagement and giving. The Natural Resources Foundation is regarded as the lead, statewide foundation for conservation endowments. We bring extensive conservation and investment expertise, and currently hold endowments with many reputable conservation groups, including The Nature Conservancy, The River Alliance of Wisconsin, Friends of Wisconsin State Parks, and the Wisconsin Society for Ornithology, among many others.

- **Experience:** Since 2006, we've worked with donors to establish more than 80 endowment funds, with nearly \$7 million in assets.
- **Public Conservation Focus:** We serve public conservation needs throughout the state to ensure the future of our public natural resources.
- **Professional Conservation Expertise:** Foundation staff and board bring extensive conservation expertise in determining areas of greatest conservation need and matching endowment funds to conservation projects in need of financial support.
- **Professional Financial Services:** Our investment manager, TIAA, is one of the largest asset managers in the world and brings dependable portfolio management expertise to our Wisconsin Conservation Endowment.

- **Administrative Support:** Our Foundation offers a personal approach to guidance, strategies, and fundraising support.
- **Wisconsin based:** The Foundation is not affiliated with a larger, national organization; all of your contributions stay right here in Wisconsin.

Q. What is an endowment?

A. An endowment is a permanent fund that is placed in an investment pool where it is managed for long-term growth. The principal value of the fund is preserved. Annually, 4.5% of the fund’s total asset value over a lookback period up to 12 quarters is distributed for the purposes the fund was established to support.

Q. Why create an endowment?

A. Unlike outright gifts, endowments provide permanent sources of sustainable funding to ensure the long-term protection of our natural resources. Since the principal value of the endowment is preserved over time, and only a percentage of the fund value is distributed each year, endowments serve as a perpetual source of funding and provide a reliable source of support for conservation causes, programs and agencies.

Q. How is an endowment fund established?

A. A fund agreement – a legal document prepared by the Foundation’s attorney – is drafted by the Natural Resources Foundation of Wisconsin, and edited by both parties. The fund agreement specifies contractual requirements, such as the fund name and purpose; eligible recipients; distribution schedules; investment and administrative fees. The fund agreement must be approved by the Foundation’s endowment committee and the board of directors. Upon final signature by both parties and receipt of the minimum gift required to establish the fund, the endowment is considered active.

Q. What is the minimum amount required to establish an endowment fund?

A. The minimum threshold depends on the type of fund, as described below:

Fund Type	Minimum Threshold	Description
Field of Interest Fund	\$10,000	Created by individual(s) or an organization to support the Foundation’s priority conservation programs including State Natural Area management, wildlife conservation, or conservation education.
Agency Fund	\$15,000	Created by a tax-exempt organization to support the organization’s operations and programs.
Designated Fund	\$20,000	Created by individual(s) or an organization to support a specific conservation purpose designated by the donor.
Donor-Advised Fund	\$40,000	Donor advises the Foundation on which projects should be supported through the fund on an annual basis.
Acorn Fund	\$2,000 - \$8,000	A way to start a Field-of-Interest, Designated, or Donor-Advised fund identified above with minimum contributions of \$2,000-\$8,000 per year until the threshold for the endowed fund is reached.

Q. How is the endowment managed?

A. Assets from all endowed funds are managed according to the Foundation’s investment policy with a passive management approach. The Foundation works with TIAA to manage the Wisconsin Conservation Endowment. The Foundation’s investment committee regularly meets with TIAA’s portfolio management team to review investment activities, performance, and market trends. The objective of the endowment is to grow the investments via long-term, gradual appreciation, in order to provide an annual distribution while also adding long-term value to each fund.

Q. How does the endowment make distributions?

A. Annually, a percentage of the fund’s total asset value is distributed for the purposes the fund was established to support. Distributions must be made to qualified exempt organizations. Currently, the payout rate is 4.5% per year, and is calculated over a lookback period up to 12 quarters. The Foundation establishes the payout rate following the annual review of the endowment’s long-term performance. Multiple disbursements may be made in any given year based on the amount available for distribution, but each disbursement must meet a minimum of \$500. The annual distribution may be rolled back into the fund if a distribution is not desired. No distribution will be made from an endowment if the value of the fund following distribution would fall below the historic dollar value of the fund, defined as the original gift and any additional contributions, unless such distribution follows the terms outlined in Wisconsin’s Uniform Prudent Management of Institutional Funds Act (WUPMIFA).

Q. What is the past rate of return on investments?

A. Rate of return depends upon the global market and investment strategies. The table below shows each rate of return in recent year.

2011	2012	2013	2014	2015	2016	2017
-4.4%	11.2%	17.5%	5.6%	1.56%	8.75%	13.48%

Q. Are dividends and capital gains distributed back to the fund holders?

A. Any growth achieved by the investment portfolio applies proportionately to each endowed fund. For example, if a particular fund constitutes 4% of the total value of the Wisconsin Conservation Endowment, that fund will receive 4% of the earnings.

Q. What type of reports does the endowment creator receive?

A. The Foundation provides annual reports to each fund creator showing the beginning and ending balance of the Fund, as well as additions, distributions, earnings, and fees imposed. Agency endowment creators receive this report on a quarterly basis, along with, upon request, a quarterly report of donations listing individual contributors to the fund. If requested, the Foundation can provide a copy of our annual audited financial statements.

Q. Can the endowment funds be returned to a donor, agency or to another financial manager?

A. An individual donor cannot request a return of the assets, nor can funds be transferred to another financial manager or community foundation. As an endowment is, by definition, a “permanent, long-term” investment, our Foundation does not allow for fund assets to be routinely withdrawn by an agency. However, an agency may request an extraordinary distribution from the principal of the agency’s fund, subject to review and approval by the Foundation’s endowment committee and Board of Directors, provided one of the following

conditions is met: 1) the distribution is for the purpose of enabling the agency to acquire or renovate a capital asset; 2) the group is faced with extraordinary financial needs that are not likely to reoccur, and the distribution will enable the agency to meet those needs.

Q. What fees are imposed on the endowment?

A. No fees are assessed on the disbursement of funds in the annual payout. The management fee charged by TIAA is currently 0.37% and is applied to the portfolio as a whole. The Foundation assesses an annual administrative fee of 1% on each fund valued between \$10,000 and \$249,999, 0.9% if valued between \$250,000 and \$499,999, 0.8% if valued between \$500,000 and \$999,999, and 0.7% if valued at \$1,000,000 or more. The fee is deducted quarterly from the Fund, calculated as ¼ percent of the annual fee multiplied by the average fund value over the prior four quarters. There is no administration fee assessed on an acorn fund until it achieves the minimum threshold in contributions.

The administrative fee we assess covers our operational expenses of administering, reporting, and managing distributions from the fund, including quarterly and annual reporting, communications to fund holders, endowment distributions to designated recipients, and professional advice on fundraising and marketing for endowment funds. Specifically, the Foundation's administrative fee covers:

1. Professional investment services and oversight for the fund
 2. Receipt and deposit of gifts to the Fund, and generation of acknowledgement letters to donors
 3. Annual fund distributions and project reports (if applicable)
 4. Maintenance of fund financial records and Fund accounting services
 5. Generation of quarterly and/or annual financial Fund reports
 6. Professional annual audit
 7. Filing of all applicable annual state and federal reports
1. Marketing exposure through newsletters, annual reports, Web site
 2. Professional fundraising advice and assistance to grow your fund
 3. Administration of future bequests to your Fund (if applicable)

Q. How does the Foundation provide support for the endowment?

A. We work with individuals and organizations to promote each endowment fund via:

- **Presentations** to organizations' board and members on how to establish an endowment fund.
- **Guidance, strategies and fundraising advice** for building your endowment.
- **Statewide visibility** through publications, website, articles and press releases.
- **Administration and financial management** of your endowment.
- **Marketing of your endowment** – Foundation staff and board can market your fund to other potential donors.

Contact Us:

To learn about your endowment options, contact Development Director Camille Zaroni at (608) 264-8922 or Camille.Zaroni@Wisconsin.gov.

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