

FREQUENTLY ASKED QUESTIONS ABOUT ENDOWMENTS

ENDOWMENTS

1. What is an Endowment?

An Endowment, like a savings account, yields investment earnings that provide a permanent source of funds for a particular purpose on behalf of Pine Forge Academy.

The investment earnings on the permanent Endowment principal (corpus) are distributed by the Foundation to Pine Forge Academy for scholarships, academic programs, campus capital improvements, maintenance or faculty development and support. These funds are generally restricted permanently unless otherwise designated in the Endowment Agreement. Endowments are used solely on the purpose designated by the benefactor. The remainder of the interest earnings is reinvested in the Endowment. Since an Endowment's principal is never spent, these funds create financial stability, allowing Pine Forge Academy to be less dependent on other sources of revenue. The Foundation's Endowment funds are professionally invested and managed by the Foundation with the assistance of outside professional investment managers, who are approved by the board. Endowment funds can become family legacies, with succeeding generations adding gifts to the principal established by the founding donor.

2. Why should I consider establishing an Endowment?

Establishing an Endowment fund through the Pine Forge Academy Foundation is a means for a donor to leave an enduring legacy of financial support for Pine Forge Academy. Five reasons to support or establish an Endowment fund for Pine Forge Academy include (1) it can be a permanent memorial to a person that is or was a significant influence in your life; (2) it creates a perpetual

stream of financial support for the Academy; (3) it is a tangible support of PFA's Legacy of Excellence; (4) it builds a stronger PFA; and (5) it also provides priceless personal satisfaction.

An Endowment can be set up during your life from a gift of cash or cash equivalent, stocks, securities, and real estate property, or it can be established later on with estate assets. You may prefer to begin the Endowment now and add more to it later through a bequest.



3. How does an Endowment work?

Donors may make a one-time gift to establish an Endowment, or they may make multiple planned gifts over five years until the fund is fully endowed. Contributions may be added to the fund after it is endowed. Once the fund is fully endowed, earnings generated from the investments after one year are then used as designated by the benefactor(s) (i.e. scholarship, capital improvements, maintenance, technology, etc.).

4. What is required to establish an Endowment?

The Foundation has created a very low entry amount to establish an Endowment. Our minimum requirement is well below industry standards. Also, the Foundation is very cost-efficient in terms of administrative costs to maintain the Endowment fund.

To establish an Endowment, the donor must agree to fully fund the Endowment within five years. The minimum Endowment is \$10,000, which must be reached within five years of establishing the Endowment fund. Next, the benefactor must donate the minimum required principal (corpus), to create the Endowment, which is currently \$250. The benefactor completes the **Request to Establish an Endowment** form and signs the formal **Endowment Agreement** and **Memorandum of Understanding**. The completed form should be forwarded to the Foundation office with a check for the minimum opening balance and a separate check of the one-time \$25 set-up fee. Before the Endowment is established, the Foundation Board must approve the establishment of a donor sponsored Endowment. The donor is informed of the approval in writing with the **Gift Acceptance Form**. After the initial set up, the benefactor will be billed \$25 annually to cover the administrative fee of servicing the Endowment fund.



5. Is there a minimum amount required to create an Endowment?

Yes. You can set up an Endowment with as little as \$250. Your Endowment must reach at least \$10,000 within the next five years to remain in tact. If it does not reach the \$10,000 within that period of time, the Endowment will lapse and the funds will be distributed as unrestricted funds at the discretion of the Foundation.

6. Do I pay a fee to set up an Endowment?

Yes. There is a one-time set up fee of \$25. This fee is deducted from the earnings of the Endowment and not from the gift.

7. Are there other costs associated with an Endowment?

Yes. There is an annual \$25 assessment fee to maintain each Endowment. This minimal amount is well below industry standards.

The Foundation Directors have authorized that a portion of the Endowment earnings be returned to the Foundation to offset administrative expenses. This management fee, projected to remain less than 1%, will be deducted from the gross investment portfolio earnings and will be reported in the annual and quarterly financial reports.

8. What Endowment naming gift opportunities are available at Pine Forge Academy?

Named Endowment funds offer donors an opportunity to associate the name of a family or individual or special interest with a project or program of enduring worth.

Endowment opportunities at PFA range from scholarships to faculty development to construction and maintenance and enhancement the technology infrastructure. Generally speaking, the minimum levels to establish a named Endowment are as follows: student scholarship and program support begins at \$10,000; academic program Endowments begin at \$50,000; and endowed construction, improvements and maintenance support begins at \$1,000,000 or 50% of the construction or capital costs associated with a project.

9. Can an Endowment donor remain anonymous?

Yes. The Foundation is bound by all requests for benefactor anonymity when it is specifically requested. When completing the form to establish a scholarship, the benefactor has the option to

grant the Foundation permission to publish the benefactor's name. While the Foundation, understands the desire of individuals to remain anonymous, we encourage, when possible, disclosure of the donor to inspire others to give. When potential donors are aware of who else is contributing to PFA, they are more likely to give and to give more.

However, as the Benefactor, you have the right to privacy and that right will always be honored by the Foundation. Please be sure to note this option on the **Request to Establish an Endowment Form.**



10. How does the Foundation acknowledge receipt of the gifted Endowment?

The Foundation sends out a **Gift Acceptance Acknowledgement**, which must be signed by the donor, and is signed by the Foundation. This acknowledgement is periodically reviewed by the Foundation to ensure it remains accurate and complete. Should your circumstances change as a benefactor, or you wish to modify the gift, this must be done in writing according to the Foundation's Gift Acceptance policy. A copy of this policy is available on the Foundation's website (www.pfafoundation.org)