

MEMORANDUM

To: CFGB Board
From: Gus Heard-Hughes, Senior Vice President of Programs
Date: 5/21/26
Re: Agency Endowment Challenge

Purpose: To strengthen Greater Birmingham’s nonprofit sector in the long term by establishing a competitive Endowment Challenge Award that grows agency endowments and rewards organizational excellence. Most nonprofits — even effective, well-established ones — carry little or no endowment, leaving them vulnerable when funding fluctuates. A dollar-for-dollar matching grant creates the donor urgency and fundraising practice that builds lasting financial strength.

Need / Opportunity: CFGB currently manages agency endowment funds for 40 nonprofit partners. The Endowment Challenge Award would deepen those relationships while motivating both current fund holders and prospective partners to build permanent financial strength. We are drawing on a well-established model for this award. Community Foundation of St. Joseph County’s Leighton Award for Nonprofit Excellence, created in 1999, uses an endowment challenge structure to recognize high-performing nonprofits and grow their long-term capacity. CFGB’s proposed design adapts this model with a 1:1 match and an annual competitive cycle.

Key Considerations

- The challenge structure creates a compelling donor proposition. A match deadline and dollar-for-dollar opportunity motivate giving in ways routine appeals do not, and the resulting endowment growth compounds over time.
- The award builds fundraising capacity, not just assets. Awardees practice the donor relationships and major gift conversations that sustaining an endowment requires — a lasting benefit beyond the grant itself.
- CFGB is uniquely positioned to offer this award. We manage the funds, provide investment oversight through the Investment Committee and Highland Associates, and carry National Standards accreditation — making us a credible and trusted steward of the resulting endowment assets.
- The award reinforces CFGB’s value to current agency fund holders and creates a meaningful incentive for nonprofits not yet holding funds at CFGB to establish one.
- We have discussed two options: a single \$100,000 award or two awards of \$50,000 each. A single larger award carries greater prestige and endowment impact per awardee; two awards broaden participation across different organizational size ranges.
- Eligibility would be limited to nonprofits with existing agency funds at CFGB.

Evaluation: Success will be measured across three areas:

Outcome 1 – The award process is competitive and recognizes genuine excellence

- # of applications received and quality of applicant pool
- Rigor and consistency of selection process

Outcome 2 – Awardees successfully raise the match

- % of awardees who raise the 1:1 match within the grant period
- \$ raised from donors during the match campaign

Outcome 3 – The award grows endowment assets and organizational capacity

- \$ added to agency endowment(s) as a result of the award
- Evidence of new donor relationships or planned giving conversations initiated during the campaign

Recommendation

At its 5/6/26 meeting, the Building Capacity Committee recommended a \$100,000 allocation from CFGB Proactive funds to launch the first year of the Endowment Challenge Award — structured as either a single \$100,000 award or two awards of \$50,000 each, with structure to be determined by the committee. All awards are conditional on the awardee(s) raising a 1:1 match within the grant period. **We recommend the Board approve this Building Capacity Committee recommendation of a \$100,000 allocation from Proactive Funds for the first year of the Endowment Challenge award.**