

Grand Rapids Community Foundation's
Youth Grant Committee Announces

2010 Video, Audio and Essay Contest

Submission Form



This form must accompany the completed written essay, video, or audio essay.

Deadline for submissions is 5:00 p.m. on Monday, May 3, 2010.

Submissions should be mailed or hand-delivered to Grand Rapids Community Foundation, 185 Oakes SW, Grand Rapids, MI 49503.

Please type or print.

Applicant Information	
First and Last Name	Eboni White
Home address	6386 Cascade Rd
City, State, ZIP	Grand Rapids MI 49546
School	Forest Hills Northern
Current Grade	9
High School	Northern
Designated Teacher	Mr. Abu-Lughod
Name of Parent/Guardian	James White / Susan White
Email address	whites@gvsu.edu
Home phone	977 9520
Cell phone	723 3704
Entry Information	
Type of Entry:	<input checked="" type="checkbox"/> Written essay <input type="checkbox"/> Video* <input type="checkbox"/> Audio essay/podcast
By signing below, I acknowledge that I have read and understand the judging criteria. I understand that submitted materials will not be returned. If I receive an award, I understand that the Grand Rapids Community Foundation may publish or reproduce my work, with credit attributed to me.	
Signature	Date
E. White	April 29, 2010
Deadline for submissions is 5:00 p.m. on Monday, May 3, 2010 to the Grand Rapids Community Foundation, 185 Oakes SW, Grand Rapids, MI 49503.	

*Video entries only: Attach any necessary letters of consent to this form.

APR 30 2010

Essay Contest for the Grand Rapids Community Foundation

Eboni Ceylon White
6386 Cascade Rd.
Grand Rapids, MI 49546

Forest Hills Northern High School
Grade 9
Mr. Abu-Lughod

An endowment is a well that never runs dries. Just like water from the well, the money from the endowment will give life to its community. A charitable gift is like brining a large tank of water which will help the community for a little while, but will eventually be used up. What makes endowments so amazing is that it will keep growing and bringing in more income each year. The way an endowment works is that the money raised through fundraising and donations will be invested into things such as stocks, bonds, and other investments. The endowment money would grow based on the amount of interest or earnings on the account. The growth that is made from the interest of the endowment is then used to meet the financial needs of the community without spending the principal endowment. Basic logic will explain why I believe that endowments, even with their challenges, are better than immediate dispersal of funds.

One of the biggest benefits of an endowment is that the original principal raised through donations will grow. A community endowment takes the principal amount raised and invests it in stock, bonds and other investments. The principal amount of the endowment will grow based on the return rate of the investment. For example the Grand Rapids Community Foundation had 168 million dollars in 1992, and it is now at about 315 million dollars, mostly due to the earning of the investment.¹ Let's look at a simpler example to understand the concept of return on investment. If an organization receives a donation of \$100,000 and invest the all the money including interest earned at a 7% interest rate, at the end of five years the organization will have \$140, 300. The

¹ "A growing aspect of philanthropy." *Grand Rapids Community Foundation*. N.p., 2010. Web. 29 Apr. 2010.

mathematical formula is $P+(R+1)^y$ where P stand for principal, R for rate and y for years. So in this problem $100,000 + (.07+1)^5$ is 140, 300. As indicated by this formula, the money grows exponentially. After a few yeas, community endowments use the interest to help the community. Another benefit of an endowment is that any money earned through investments is tax free.

Knowing that there is a “well that never runs dries” gives a community a sense of security about the future. An endowment provides a sense of stability to both the community and the organization that manages the endowment. Every year, even if new money is not raised, there will still be money to be used to help the community. For young people like me, it is very comforting to know that the Grand Rapids Community Foundation and other community endowment funds will still be around when we are adult and have to deal with the problems left behind by today’s adults and face the new problems that will arise. It is hard to predict the kind of problems my generation will have to deal with, but it is reassuring to know that there will be funds through foundations to help us.

It might also be easier to raise money for an endowment vs. a one time charitable donation. Donors might be inclined to donate more if they know that their donations will make a lasting impression in the community. It would be a “gift that keeps giving.” By establishing an endowment, donors are able to secure a legacy behind them, even after death. You can also donate real-estate, stocks and other assets to endowments. This might be appealing to some donors and there might have additional tax benefits as well.

Donors could also qualify for tax credits by donating to endowments. A one time charitable donation to the community during a crisis might be forgotten, but a donation made to foundation that keeps giving would be remembered.

Endowments do have their challenges. An endowment is a lot like a plant; it needs a lot of time to grow. If it is a new endowment and a big crisis occurs in the community, money might not be accessible to help with the crisis. In the last few years, the investments have not done so well and some endowments actually lost principal. Endowments need to invest their money in very stable investments. Finding stable, socially conscious investments that still have a high rate of return is challenging.

The other challenge faced by community endowments is high operating costs. If community foundations have high operating costs, including the salaries of staff, donors might be hesitant to donate because they will feel that their money is not going for good causes in the community, but rather to pay for salaries of those employed by the foundation. Foundations have the challenge of keeping operating costs down, but still paying good salaries to keep good staff on board.

Though permanent community endowments have their challenges, the benefits outweigh the challenges. Another way to look at an endowment is metaphorically. One time charitable gifts can be seen as Band-Aids whereas endowments are like the medication used to treat the wound. Permanent community endowments have the ability to address and treat long term problems in the community, even those problems not yet anticipated.

