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Enterprise and
Self-sustainability
Team (NESsT)

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The Corona Foundation Building an Endowment

This case focuses on how the Corona Foundation, a private, corporate nonprofit foundation dedicated to social development in Colombia, took steps to create its own endowment, decreasing its dependence on external donors and widening the scope of its grant-making activities. The Foundation's main funding comes from the corporations that make up the Corona Organization, a conglomerate of Colombian companies dedicated to industrial construction and household products. The Foundation receives both asset and cash donations from the Organization. Starting in 1989, and through the guidance of a series of five-year plans, the Foundation has carefully invested the asset donations and their yields, as a strategy to build its endowment, only using cash donations for grant-making purposes. The strategy has not always been easy. It relies on the donations of corporations that are not always in a position to give to the Foundation and on investments that do not always yield the best return possible. Despite this, the Foundation currently generates 67 percent of its budget from endowment returns and hopes to make this 100 percent in the next five years.

This case was prepared by the Nonprofit Enterprise and Self-sustainability Team (NESsT), an international nonprofit organization with offices in Budapest, Hungary and Santiago, Chile. NESsT is committed to strengthening the financial sustainability of civil society organizations (CSO) working for social change and development through the development of self-financing strategies that both generate additional income and further the missions of CSOs.



The case was prepared by NESsT in collaboration with the Synergos Institute, an independent nonprofit institute that brings together diverse sectors of society to find new, more effective ways of narrowing the gap between rich and poor. With particular emphasis on countries in Africa, Asia and Latin America, Synergos strengthens the role of philanthropy and citizen leadership in social development. The case study forms part of the Institute's Series on Foundation Building.

Fundación Corona

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Lessons Learned

Building an endowment while grant-making: An important lesson from the Corona Foundation case is that it is possible for a foundation to slowly build its endowment while simultaneously building its social and grant-making activity. Since it began to build its endowment, the Foundation adopted a policy of using cash donations from the Corona Organization for developing its social projects while using asset donations for reinvesting in its endowment. This deliberate strategy, has allowed the organization to continue to grow sustainably while meeting its mission. The Foundation's reliance on and relationship with the Corona Organization and its companies contributed to the success of its endowment-building effort. However, it is not clear if without this steady stream of cash support, the Foundation could have upheld its ongoing reinvestment approach.

A conservative investment approach: The Foundation maintains a conservative investment policy. Most of its endowment assets are invested in fixed instruments and it does not undertake speculative investing of any kind. Although this has meant a slower rate of growth for the endowment, it has also resulted in a steady rate of growth. In addition, the Foundation has managed its own investments, only recently, looking beyond its own staff and board for assistance. It has adeptly balanced the need to be ethical and conservative in investment decisions/strategies with the need to generate yields sufficient to maintain or expand its social development work.

Strong internal financial expertise: The Foundation has mostly relied on the financial expertise of its Management Council, its staff and the Corona Organization members to guide the growth and policies of its endowment. This has ensured that the best interest of the Foundation has always been at the core of all endowment-building decisions. Simultaneously, this has ensured strong financial oversight and monitoring keeping management decisions close and costs down. The Foundation's close ties with the Corona Organization gives it the advantage of easy access to a wealth of financial expertise. Foundations without such ties would need to consider other options for building this in-house expertise.

Know thy limits: The case of the Foundation also demonstrates the important balance of 1) maximizing limited resources by maintaining a lean and efficient administration while 2) recognizing limitations in both capacity and skills, and bringing in outside expertise and human resources when necessary. As the endowment grows, the Foundation has realized the need to outsource parts of its management to outside experts. As the Foundation's continues to pursue this strategy in the future, it will require creating structures that will further guarantee continued oversight and monitoring.

Added benefits of endowment building: Finally, the case illustrates a variety of other non-financial benefits brought about by the Foundation's self-financing efforts. Most notably, the case attests to the value and lessons the Foundation is able to bring and contribute to developing other organizations that in turn strengthen Colombia's social development.

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