

Best Management Practices for Endowment Funds

Dan Cooper



What is an Endowment Fund

Most Popular Definition

Council of Non-profits

“Endowments” are not the same as “reserve funds” – An “endowment” implies that some or all of the use of the endowed assets are restricted in some way. Most endowments are designed to keep the principal corpus intact so it can grow over time, but allow the nonprofit to use the annual investment income for programs, or operations, or purposes specified by the donor(s) to the endowment.

Blackbaud offers 3 types:

Permanent Endowment

Term Endowment

Quasi Endowment



Guiding Documents and Acts

Letters Patent

By Laws

Trustee Act

Investment Policy Statement

OLTA Standards and Practices

Imagine Canada Accreditation Standards



Why Have an Endowment Fund?

Many of us are promising perpetuity

Allows for future planning

Stability



Best Management Practices

Investment Policy Statement
Investment Committee
Treasurer
Prudent Investor
Dissolution clause
Asset Allocation

Prudent Investor



Trustee Act refers to Reasonable Person

Treasurer

OLTA Standards

Ensure the board's presiding officer and treasurer are not the same individual

Investment Policy Statement



Investment Committee
Dissolution Clause
Asset Allocation