Endowment gifts are an investment in the future that also benefit the present. Those who make such generous contributions to Case Western Reserve ensure that its education and research can continue in perpetuity. Each year, however, a portion of the interest generated from those funds also may be used right then to advance the gift’s purpose.

The bulk of Case Western Reserve’s long-term resources—also known as “Pooled Investment Funds” or the “Endowment Pool”—are managed directly by the university. In addition, the university receives support from gifts designated for Case Western Reserve but managed by foundations or other organizations. These dollars are called “Funds Held By Others.” When the university adds the funds it manages to those held by others, the overall total is called the “Combined Endowment.”

This report provides two indicators regarding the combined endowment in Fiscal Year 2015. The first involves market value growth. This figure is distinct from investment return because market value is influenced by a range of factors beyond investment gains and losses. Specifically, market value can change because of distributions for the designated purpose (for example, spending from a scholarship endowment to provide a specific student a financial award in that year); investment appreciation and investment income; and additional donor commitments. Investment return excludes all of those additional factors, and instead reflects only investment gains or losses.

For the fiscal year that ended June 30, 2015, the Combined Endowment was $1.78 billion, meaning its market value grew .99 percent over the previous year. Investment return was 4.60 percent, a figure significantly lower than the previous year’s 16.1 percent return. This dip reflects broad trends, however, and the university’s result exceeded the Cambridge Associates median by 1.3 percentage points. The previous year’s figure only bested the median benchmark by 0.5 percent. Cambridge Associates is a global investment consulting firm that provides research and benchmarks across multiple funds and industries.

Case Western Reserve balances two priorities in managing its investments: significant growth of the endowment and avoidance of undue risk involving its funds. These imperatives reflect the institution’s commitment to serve those now on the campus as well as the many generations who follow them. It is the university’s obligation to serve as a responsible steward of all contributions received, and at the same time ensure that the funds accumulate adequate interest to preserve and increase the gift’s original total. To achieve this goal, the university’s portfolio is allocated across a broad range of areas, among them domestic and foreign public equities, fixed-income funds, private capital and real assets.

Case Western Reserve’s Office of Investment manages endowment funds held directly by the university. In addition to seeking growth without incurring significant losses, the office also must preserve adequate liquidity to meet ongoing needs as specified by donors and direct by the university’s Board of Trustees. The board annually allocates a portion of returns to support the overall operations of the university and the actual management of the funds.
Endowment Gifts
Securing the University’s Present—and Future

The impact of endowment gifts is evident across Case Western Reserve, from the inspiring faculty who hold endowed professorships to the extraordinary students able to enroll because of financial assistance scholarships provide.

Other endowment funds provide ongoing support to programs and centers, and all of these resources contribute to Case Western Reserve’s mission: to discover knowledge and deepen understanding.

Gifts to support capital projects—for example, Larry Sears and Sally Zlatnick Sears think[box] or the Milton and Tamar Maltz Performing Arts Center at The Temple – Tifereth Israel—have an enormous impact on the life of the campus, as do other donations intended for more immediate uses—such as the annual fund.

Endowment funds, however, create a specific kind of ongoing legacy, one that energizes the present and at the same time ensures the future of the subject, program or entity involved. Imagine, for example, how the role of the individual appointed to an endowed professorship in computer science has evolved over the decades—and, perhaps even more stunning, will transform in decades to come. Or the different ways that an English major conducted research in the 1950s, or 1990s—and how it again will differ from the methods of 2030.

Beyond endowment gifts’ short- and long-term effects, they also possess other unique qualities. An endowed professorship, for example, can assist enormously in attracting and keeping top-notch scholars. Leading academic institutions like ours regularly search for the most talented and innovative faculty, and an endowed professorship can contribute enormously to their recruitment and retention. An endowed faculty position not only carries enormous prestige, but also brings with it additional resources to support that professor’s intellectual work. Similarly, the award of university scholarships—particularly named ones—tells admitted students that Case Western Reserve considers them more than qualified—they are also deeply valued for their accomplishments and potential.

Support from alumni and friends strengthens the endowment and helps safeguard the university’s financial condition. It also means that Case Western Reserve can continue to provide pioneering education and research opportunities today and for generations to come.

We will continue to steward these gifts carefully, and feel profound gratitude to all who have provided such remarkable support. We are honored by the confidence shown in the institution by these contributions and dedicated to demonstrating that faith well-placed.
Allocated spending: The amount authorized annually for spending on designated purposes, as determined by the spending policy and board resolution.

Annual attainment: Yearly total of cash gifts, pledges, estate commitments and other designations guaranteed by a legally binding document.

Asset allocation: Investment diversification designed to achieve consistent, sustainable long-term returns; limit volatility; maintain necessary liquidity; and protect against inflation.

Beginning balance: The corpus, plus accumulated investment returns and minus allocated spending, as of the start of the fiscal year (July 1).

Board-designated fund: Unrestricted funds that the Board of Trustees designates for a particular purpose. The board may change or lift these designations at any time. These restrictions are not imposed by a donor.

Combined endowment: Includes those funds managed by the university’s Office of Investments as well as funds held by others—that is, dollars held and invested by entities such as foundations or private financial institutions. These funds are considered part of the university’s long-term investments.

Corpus: Gifts made to establish or increase a fund, not including investment returns. Also known as “principal.”

Distribution: The amount—often expressed as a percentage—that the Board of Trustees approves spending from a fund or funds in a fiscal year.

Ending balance: The corpus plus accumulated investment returns and minus allocated spending at the end of the fiscal year (June 30).

Endowment fund: A fund that is created by donors requiring the restriction of the gift(s) in perpetuity with only investment return available for allocated spending.

Endowment pool: Funds managed by the university; includes endowment funds, funds functioning as endowment funds, and board-designated funds.

Fiscal year: Case Western Reserve University’s fiscal year is from July 1 through June 30.

Gifts: Donated assets within a fiscal year (July 1 through June 30). Gifts received late in one fiscal year may be reported in the subsequent fiscal year due to processing.

Investment pool: A group of funds—including endowment funds, funds functioning as endowment and board-designated funds—that are invested in a broadly diversified portfolio.

Investment returns: Overall returns, including realized and unrealized gains and losses, within a fiscal year (July 1 through June 30).

Market value: The actual value of the endowment pool—those funds directly managed by the university—as of June 30 of a designated year. This value includes growth through additional income provided through cash gifts, payments on existing gifts, and growth through investment returns. It also includes decreases in the total value that arise from spending—including withdrawals from the endowment to fulfill donor intentions (such as supporting faculty through endowed professorships). Decreases also arise from spending on administrative fees and endowment management. Decreases in value also can arise from negative investment returns.

Permanently restricted net assets: Include gifts, trusts and pledges on which donors have imposed the restriction that the amount invested is maintained in perpetuity and the investment returns be made available only to support designated program operations. In the case of trusts, gains and losses are added to the gift amount. Gifts restricted by donors to provide loans to students are also included in permanently restricted net assets.

Spending allocation: The distribution of endowment funds toward designated purposes, based on the spending policy.

Spending policy: Determines the annual allocated spending, based on a board resolution, with the objective to preserve the intergenerational equity and provide support for operations.

Temporarily restricted net assets: Investment returns from endowments and gifts for which donor-imposed restrictions have not been met.

Unrestricted net assets: Funds available for any purpose consistent with the university’s mission. Unrestricted funds functioning as endowment and related investment returns are included in unrestricted net assets.

For more definitions and other endowment information, please visit case.edu/endowment.