Like universities around the country, Case Western Reserve benefitted from significant stock market gains during the last fiscal year. The investment return on the university’s combined endowment—that is, funds the institution manages as well as those held and managed by others—was 12.7 percent for the period from July 1, 2016 through to June 30, 2017.

The university’s one-year performance trailed Cambridge Associates’ 12.9 percent benchmark median return for higher education institutions by 20 basis points, but its three-year figure of 4.55 percent exceeded Cambridge’s 3.92 percent by 63 basis points. Cambridge Associates is a global investment-consulting firm that provides research and benchmarks across many funds and industries.

The Combined Endowment includes two categories of long-term resources. The first—known as “Pooled Investment Funds,” or the “Endowment Pool”—involves dollars the university manages directly. This pool constitutes a significant majority of the university’s total endowment. The second category consists of contributions designated for Case Western Reserve that foundations or other organizations manage. These dollars are called “Funds Held By Others.” When the university adds the funds it manages to those held by others, the overall amount is called the “Combined Endowment.”

Endowment gifts not only help secure the institution’s long-term future, but also can support students, faculty and staff in the present day. Over time, these contributions typically generate additional resources through the investment returns they earn. Each year, a small portion of those returns can be spent to support the gift’s purpose—for example, to provide financial support tied to a scholarship. These annual disbursements make it possible for the donors’ funds to achieve immediate positive impacts while ensuring the gift’s benefits can continue in perpetuity.

Disbursements made from the endowment to support current needs are among the factors that influence its value in a given year. Other elements include investment returns, investment appreciation, and new donor commitments. For Fiscal Year 2017, the value of the Combined Endowment totaled $1.80 billion. This figure reflects a gain in market value of 8.18 percent over the previous year.

Case Western Reserve deeply appreciates every contribution the university receives to advance its mission of education and research. Endowment gifts represent an enduring commitment to the institution and its work, and it is the university’s obligation to steward those funds to ensure lasting impact. Meeting this responsibility requires a delicate balance of two priorities that sometimes can be in tension with one another: maximal growth and minimal risk.

The investment approach to endowment funds aims to preserve the value of the original commitment, and also increase its worth through the accumulation of investment returns that exceed disbursements. To that end, 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.
Endowment Gifts
Advancing our mission today, and in the future

Nicholas DiFranco wants to bring patients breakthroughs that save lives—or, at the very least, make them better.

Don Richards wants to help people like Nicholas achieve their dreams.

The two men, both with two degrees from Case Western Reserve, connected through an annual fellowship that Richards endowed to provide financial assistance for promising students in the university’s Master’s in Engineering Management (MEM) program. DiFranco, who received the fellowship for 2016-2017, received his MEM degree in May—and in June began work as an Applications Scientist in the LifeSciences development program at Lubrizol, a $6.5 billion international company with a mission to “improve lives.”

Richards, a university trustee and retired managing director at Accenture, is one of dozens of generous donors who sees immense benefits in supporting students. Since the Forward Thinking capital campaign began, they have committed $210 million to scholarships, fellowships and other awards—and have made an enormous difference for people like Nicholas.

Our alumni and other friends also have devoted tremendous resources to attract and keep our most accomplished scholars. Gifts to Forward Thinking have led to the creation or completion of 90 endowed professorships—honors that are among the highest recognition a faculty member can receive. In the past year the university has celebrated individuals like Rekha Srinivasan, who this spring received an inaugural endowed chair in honor of 1950 alumnus James S. Swinehart, PhD, who discovered what would be his life’s work in his first organic chemistry course. Swineheart went on to spend 27 years as a beloved professor teaching that subject at SUNY Cortland, and his wife Ann and daughter Susan Cholette sought to honor his memory with this endowment. Srinivasan, who earned her doctorate at Case Western Reserve, also teaches organic chemistry and is adored by students. Dr. Sri, as they call her, has received the university’s highest awards for teaching and mentoring undergraduates, as well as multiple faculty advisor honors from major student organizations. She feels responsible for teaching them about more than academics: “My job is to make sure they are able to be successful as people. I’m there as long as they need me to be.

Such commitments to our students and faculty are just two examples of ways that gifts to Case Western Reserve make an extraordinary difference in the present—and for generations to come.

Those who contribute to the university’s endowment not only can change lives today, but also have a reach that positively affects dozens—possibly thousands—in the decades to come. Case Western Reserve deeply appreciates these donors’ vision for a stronger university that, in turn contributes, to a better world.
Endowment Report
Glossary of Financial Terms and Phrases

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. Starting July 1, 2015, new gifts will be invested for twelve months before the spending allocation is applied.

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.