Endowment Report
JULY 1, 2017 - JUNE 30, 2018
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 9.2 percent for the period from July 1, 2017 through to June 30, 2018.

The university’s one-year performance exceeded Cambridge Associates’ 9.1 percent benchmark median return for higher education institutions by 10 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 original gift purposes—for example, to provide financial support tied to a scholarship. These annual disbursements make it possible for the donors’ funds to achieve immediate positive impact while ensuring the gifts’ 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 2018, the value of the Combined Endowment totaled $1.89 billion. This figure reflects a gain in market value of 4.89 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.

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Endowment Gifts
Advancing our mission today, and in the future

As valedictorian of her Cleveland high school, Sierra Lipscomb knew she had the “brains, the brawn and willpower to succeed” in college.

What she lacked, unfortunately, were resources.

When she applied to Case Western Reserve, admissions staff quickly recognized her academic potential.

And thanks to the generosity of several philanthropic individuals and organizations, the university also was able provide the scholarship support she needed to be able to enroll.

Now in her senior year, Lipscomb is double-majoring in history and sociology and hopes to attend law school after graduation. She has interned for the Cleveland Municipal Court, Cuyahoga County Juvenile Court and a local law firm. Early in her time at Case Western Reserve, Lipscomb also participated in a university spring break program where she learned about national prison policies. The experience deepened her interest in law, in particular with regard to the criminal justice system.

Along the way, Lipscomb also served as a campus ambassador for a national student voter registration program, and last year received the university’s Stephanie Tubbs Jones Award, an honor given to an undergraduate in recognition of scholarship, community service and contributions to campus life. (The late Tubbs Jones, who received her BA and JD degrees from the university, was Ohio’s first African-American woman to serve in the U.S. Congress.)

As Lipcomb said at an event celebrating scholarship donors, “Your gifts allow students the chance to fulfill their dreams.”

Case Western Reserve thanks you for all that you do to support education, research and discovery.

Charles H. Phipps credits his time at the Case Institute of Technology (CIT) for giving him the confidence to pursue “new, uncharted challenges.”

In fact, less than a decade after he graduated, Phipps was working at Texas Instruments with Jack Kilby, an electrical engineer who would later receive the Nobel Prize for his work in inventing the integrated circuit. Phipps collaborated with Kilby to identify potential applications for the emerging technology, and went on to spend three decades at the company, ultimately becoming one of its officers.

Phipps never forgot the educational foundation of his extensive career, serving on a Case School of Engineering advisory group in the 1990s and later contributing to two significant university gifts in honor of loved ones. The first, made with his brother John B. “Jack” Phipps, created a dean’s discretionary fund in honor of their father, Myron; the second, meanwhile, created an endowment for electrical engineering and computer science in honor of Charles’ late wife, Mary Claire Aschenbrener Phipps.

This year Phipps made a third commitment to the Case School of Engineering, which totals $5 million. It endows the school’s deanship and provides funds for investments in research, strategic initiatives, and other priorities. Venkataramanan “Ragu” Balakrishnan, who joined the university September 1 from Purdue University, is the first school leader to receive the honor.

“The generosity of our alumnus Charles Phipps already has benefitted the Case School of Engineering in immensely meaningful ways, including catalyzing the 2007 launch of the Great Lakes Energy Institute,” Balakrishnan said. “His endowment of the school deanship provides still more opportunities for us to give bold ideas needed support—and we all are deeply grateful.”
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.