

Ford Foundation

A Primer for Endowment Grantmakers

Endowment strategies to assist and enhance
the work of nonprofit organizations.

(March 12, 2001)

A Primer For Endowment Grantmakers

	Page
PREFACE	i
I. INTRODUCTION/HISTORY	1
II. DOES AN ENDOWMENT MAKE SENSE?	6
III. HOW WILL THE ENDOWMENT FUNDS BE RAISED?	15
IV. HOW WILL THE ENDOWMENT FUND BE GOVERNED?	20
V. HOW WILL THE ENDOWMENT FUND BE INVESTED?	23
VI. HOW WILL THE ENDOWMENT FUND'S INCOME BE USED?	29
VII. CONCLUSION	32

Attachment A List of actions during the 1990s

Attachment B Endowment checklist (to be added)

Attachment C Endowment grant letter language (to be added)

Attachment D Generic governance, investment, and spending policies (to be added)

PREFACE

As part of a visit to the Ford Foundation's office in New Delhi, India, in October 1998, I was asked by the Foundation's Representative to conduct a workshop on endowment grantmaking for staff and some grantees. The workshop lasted three hours. The range of questions from both staff and grantees suggested that there was a demand for a set of guidelines about endowment grantmaking that would be helpful to the Foundation's program officers and grants administrators, and to grantee organizations as well. While the Foundation had conducted reviews of its experiences with endowment grantmaking on a number of occasions in the past, it had not taken the next step of preparing a primer on this type of funding.

The exercise to produce such a document started with the formation of a working group, comprised of staff in the Foundation's New York and overseas offices.* The working group met for the first time in April 1999. As a result of that meeting, Mark Sidel, acting as a consultant, was asked to go beyond my workshop notes and pull together other existing materials in order to produce an initial draft of the primer. The working group met again in June and August of 1999. After the August meeting, Wendy Malina, who is now a Project Specialist in our New York office, took on the responsibility of drafting the primer.

Over the past two years, I have made presentations based on the evolving draft, first for the Foundation's Africa program staff in Zanzibar, then for our Latin American staff at a meeting in Mexico, for the Foundation's grants administrators in New York, for staff and others during visits to the Foundation's Moscow, Kenya, and Nigeria offices, and on a second trip to the New Delhi office. I also presented briefer versions at the Foundation's orientations for new program officers and new cohort of program associates. Each presentation resulted in new ideas that were then incorporated into the draft. The members of the working group also continued to meet several times in 2000, providing additional feedback and suggestions. The *Primer for Endowment Grantmakers* is a product of this collaborative process.

Although the *Primer* is written for Ford Foundation program officers and grants administrators, the working group believes that other donors and grantee organizations will find it a useful document for the philanthropic community and the nonprofit sector. To facilitate this, the entire *Primer* appears on the Foundation's Web site with Attachment A. (Attachments B, C, and D will be added at a later date.) The working group hopes that the availability of the *Primer* will stimulate a discussion that leads to revised and strengthened editions.

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I. INTRODUCTION/HISTORY

Throughout its history, the Ford Foundation has used a wide range of funding mechanisms to assist and enhance the work of nonprofit organizations. These mechanisms can be thought of as the primary components of a Program Officer's toolkit. They include:

- 1. project or program grants;**
- 2. core or general support grants;**
- 3. Foundation-administered projects (FAPs);**
- 4. program-related investments (PRIs);**
- 5. recoverable grants; and**
- 6. endowment, endowment-like, and endowment-related grants.**

For the most part, Foundation staff is fairly familiar with the first five types of actions, but less experienced with the sixth category, comprised of **endowment, endowment-like, and endowment-related** grants. Endowment actions usually seek to create, expand, or otherwise support a permanent financial asset of a particular organization. They often signal the Foundation's recognizing a major advance in an organization's growth and development. They may also reflect changes in the Foundation's programmatic priorities, leading either to endowment grants for organizations central to the Foundation's current interests, or to an endowment grant as a tie-off of long-term core support. Usually larger than general or project support grants, endowment grants require particular attention and review in order to ensure their appropriateness for both the potential recipient and the Foundation.

There are a number of reasons, both financial and organizational, for making an endowment grant or for otherwise assisting the efforts of a grantee to create or build an endowment fund. Financially, an endowment can significantly benefit an organization by providing a secure base of resources which partially alleviates the need for raising core support, reduces dependence on specific funding sources, and facilitates long-term financial planning. Organizationally, an endowment can create a sense of permanence that strengthens an institution and its stakeholders, enables increased attention to achieving long-range program objectives, and fosters programmatic flexibility in working towards those goals. An endowment may further contribute to the work of a nonprofit organization by serving as a catalyst for organizational change and as an effective fundraising mechanism to leverage support from other potential donors.

An endowment fund may also prove inadvisable for an organization. Endowment fundraising is costly and time-consuming, because it requires more detailed negotiations between the potential recipient and donors concerning the terms and conditions of the endowment fund. For example, endowment grants often carry matching requirements related to additional fundraising. Endowment fundraising may also make it necessary for an organization to acquire different skills and expertise such as investment know-how, and to reach out to a wider range of donors than it usually approaches for core or project support. Building an endowment fund carries additional risks, because, in the midst of a capital campaign, an organization may end up paying insufficient attention to the ongoing need to cover its core operating costs. Most importantly, an endowment fund may not produce the revenue anticipated by the grantee, for example, if there is a downturn in the economy or if donors impose limitations on access to the fund.

When a general institutional endowment grant is not appropriate or timely, program staff have a number of other options to consider before giving up on endowment grantmaking and returning to core or project support. One alternative is a special purpose endowment, which provides endowment funds for a particular effort, such as a program development fund or a fellowship program. There are also two types of endowment-like grants (we will call them **working capital reserve** grants and **capital depletion** grants) which make flexible funding available, generally over a longer period of time, for purposes such as cash shortfalls and core operations. The Foundation also makes endowment-related grants, which provide assistance in raising and managing endowment funds without contributing directly to the endowment fund itself. For example, endowment-related grants may provide support for a **management review** or a **feasibility study**, or for the costs of conducting a **capital campaign**. The Foundation has had extensive experience over many years with these alternative mechanisms, which are described in greater detail in the following chapter.

The nature and purpose of the Foundation's endowment grants have changed and broadened considerably since its early years as a national funder, when endowment grants were made largely to academic institutions. In the late 1950s, the Foundation provided significant endowment grants to support the strengthening of faculty salaries at several private United States liberal arts colleges and universities, and to support improved instruction at several dozen private medical schools around the country. By the mid-1960s, the Foundation began to diversify its

endowment grantmaking, starting with international endowment grants to St. Antony's and Wolfson colleges at the University of Oxford.

Endowment grantmaking in the area of arts and culture began in the early 1970s, when the Foundation made substantial endowment grants to several music schools, including Cleveland, Juilliard, Marlboro, New England, and San Francisco, as well as to several fine arts schools and other cultural institutions. In the mid-1970s, the Foundation initiated a series of endowment grants to support Asian studies in the United States. Formal endowment support in population studies and reproductive health began in 1979 with an endowment grant to Brown University. In the early 1980s, the Foundation provided endowment support as tie-off funding for mature community development corporations such as the Bedford Stuyvesant Restoration Corporation and Mississippi Action for Community Education.

In the mid-1980s, the Foundation increased its endowment grantmaking as part of an overall strategy to end core funding for the long-term recipients of general support grants. These grantees remained eligible for project support if their work corresponded to the Foundation's programmatic interests. By the late 1980s, endowment grants were being made in virtually every area of the Foundation's work, in the both United States and abroad. In 1991, the Foundation asked the Conservation Company to report on grantee and Foundation experiences with a sample of 22 endowment grants made over the previous ten years, focusing on grants that provided general institutional endowments. Aided by that study, the Foundation increased its endowment grants in the 1990s to assist institutions that had received long-term operating and project support from the Foundation, and to build new institutions in the United States and abroad. In the 1990s, the Foundation made about 150 general institutional and special purpose endowment grants (see Attachment A).

The Foundation has also provided alternatives to general institutional endowment grants and special purpose endowment actions. As mentioned previously, these endowment-like grants include working capital reserve grants and capital depletion grants. The former supply support for cash reserve funds, either as part of a broader endowment effort or as a separate action targeted on the need for reserve funds. Cash reserve funds were made available to help sustain the United Nations Association of the USA and Chicanos por la Causa. Capital depletion grants, which offer flexible funding over a significant number of years, usually for an organization's general operations, were awarded infrequently in the past, but the Foundation plans to explore wider uses of this funding mechanism in the future. For example, the Aspen Institute recently

received a capital depletion grant to secure core operating support for its Nonprofit Sector Research Fund's national awards program. Between 1990 and 1999, the Foundation approved about 75 endowment-like grants (see Attachment A).

The recipients of endowment-related grants, which assist grantees in raising and managing an endowment, include: the Ms. Foundation for Women for strategic planning and feasibility studies prior to a capital campaign; the National Museum of Women in the Arts for educational materials for an endowment campaign; the Colombian Commission of Jurists for capacity-building; and the Legal Resources Foundation (Zimbabwe) for consultations to identify investment approaches for an endowment fund. Grant funds also have been made available to assist organizations conducting capital campaigns. Grantees include the Galing Pook Foundation (the Philippines), the International Institute for Strategic Studies, and Africare. In the 1990s, the Foundation made about 50 endowment-related grants (see Attachment A).

Within this context, it is important to mention two related Foundation initiatives: the Leadership Program for Community Foundations, and the Rural Development and Community Foundation Initiative, launched in 1987 and 1993, respectively. The overall aim of both initiatives was to demonstrate and advance the capacities of community foundations, which often serve as mechanisms for raising and managing endowment funds to support local charitable activities. While endowment-building was an explicit goal of both programs and the Foundation's grants could be used for a variety of purposes, these did not include contributions to the organizations' endowments. To receive \$500,000 from the Foundation for active program grants in a field, each community foundation had to raise matching funds on a 2:1 basis (\$1 million) for a permanent regionwide and/or community endowment. Beyond satisfying the Foundation's matching requirements, both initiatives were intended to inspire these institutions to acquire the skills and vision for attracting greater resources from broader constituencies. The Leadership Program provided support to 27 community foundations, and the Rural Development Initiative made grants to 8 organizations.

Reflecting staff's increased attention to the need to enhance the financial and organizational capacities of nonprofit organizations, in March 2000 the Foundation's Strengthening Arts and Cultural Institutions Initiative awarded challenge grants, totaling \$40 million, to 28 exemplary arts institutions. Located in communities across the United States and representative of the range of arts disciplines, these recipients received grants of \$1 million to \$2.5 million. The Foundation provided support for these organizations to build their financial

resources; to enhance their internal capacity to raise support from individual donors, a key source of unrestricted operating income; and to offset the temporary impact of major fundraising efforts. Each grant included funds for the creation or expansion of a general institutional endowment, an endowed fund for an artistic program, and/or a working capital reserve.

The Ford Foundation is not alone in expanding its use of endowment, endowment-like, and endowment-related grants. Other major private foundations, bilateral aid agencies, and multilateral donors are increasingly making endowment grants, reflecting a considerably wider use of endowment grants by the donor community, as well as the broader geographic range of both the endowment providers and endowment recipients. For example, the McKnight Foundation made a series of endowment grants to arts and cultural organizations in the upper Midwest; the Luce Foundation endowed professorships in Southeast Asian studies, the arts, and other fields at U.S. universities and colleges; and the Mellon Foundation provided endowments to universities and the National Gallery of Art. In addition, the Charles Stewart Mott Foundation has provided endowment challenge grants to scores of community foundation initiatives in the U.S. and overseas, and has worked to identify issues critical to the creation and investment of endowment funds for nonprofit organizations. Among bilateral and multilateral donors, the U.S. Agency for International Development has used endowments extensively in its natural resources work in many countries, and the World Bank has made use of endowments as a tool in its work on the global environment.

Even though the Foundation and other public and private donors have increased their endowment grantmaking, there still seems to be a need for discussion among both grantors and grantees about the relative merits and risks of pursuing an endowment strategy. Too often, endowments seem to be a panacea, offering solutions to an organization's financial instability or problems. There is little questioning of whether an endowment strategy even makes sense. The structure of this *Primer* suggests five important questions that need to be answered in dealing with endowment funds. The next chapter, chapter two, explores whether it is appropriate to make endowment or endowment-like grants. The third chapter asks how endowment and endowment-like funds might be raised. The fourth chapter focuses on the question of how recipients might prudently govern their endowment funds. Having attended to these key issues, the fifth chapter discusses how endowment funding might be invested. Chapter six takes up the important issue of setting a spending policy on the use of the income from the endowment fund.

II. DOES AN ENDOWMENT MAKE SENSE?

A **general institutional endowment grant** is designed to be held in perpetuity in such a way that the purchasing power of the funds is preserved or expanded over time. It is to be invested to provide regular, predictable income for an organization's expenses. Typically a larger award than a grant for core or project support, a general institutional endowment grant is often paid in a lump sum amount, either as a contribution towards an existing endowment or to assist an organization in establishing a new endowment fund. As a general rule, endowment grants impose terms and conditions limiting the recipient's access to a portion of the income generated by principal. Many also carry matching requirements to attract contributions from other donors. An endowment grant for an academic center at a university, or for a unit that is a discrete component of a nonprofit organization, may also be construed as a general institutional endowment grant.

For donors, the most important criterion in considering an endowment grant is whether a permanent need exists for a particular organization. The recipients of Foundation endowment grants usually work in fields in which the Foundation has been active over a long period of time. In addition, these organizations are usually well known to Foundation staff, because they have also received Foundation project or core support grants for many years.

The second most important consideration in making a general institutional endowment grant is assessing whether the prospective grantee will benefit sufficiently from the fund's income to justify the effort required in setting up the endowment. It is important to note that throughout this *Primer* we use the term "income" to include not only dividend and interest earnings, the traditional definition of income, but also realized and unrealized capital gains and losses -- that is, the total return on the investment. While there are no "industry standards" regarding the minimum level of an endowment, many in the philanthropic community suggest that to justify the considerable time and effort needed to build an endowment fund, an organization should receive at least and preferably more than 10 percent of its operating budget from such a fund.

Many organizations underestimate the size endowment they need to generate a specific amount of income. They pay insufficient attention to the corrosive effects of inflation over the long term. In addition, they do not gauge whether the effort needed to build a general institutional endowment fund will interfere with their ongoing fundraising. If an organization

wants to preserve the real value of its endowment fund, it must consider how much of the income generated by the fund it will spend, and what portion of the fund's earnings it will retain and reinvest in the endowment. The following example illustrates what is sometimes referred to as the *tyranny of the numbers*:

Assume that an organization decides to build an endowment fund that generates \$1 million in general support. If this organization projects earnings of 8 percent on the fund, it would need to raise an endowment of \$12.5 million ($.08 \times \$12.5 \text{ million} = \1 million). However, if this organization also wants to ensure that its endowment fund keeps pace with inflation, perhaps as much as half the fund's earnings must be retained in the endowment, leading to the conclusion that this organization would really need to raise an endowment valued at \$25 million ($.04 \times \$25 \text{ million} = \1 million), a daunting task.

While the *tyranny of the numbers* illustration is intended to place the benefits of an endowment in perspective, it may also seem to suggest that a small endowment, relative to the operating budget of an organization, serves no purpose. That may not be the case (see chapter 3 for a discussion of this point).

Most institutional endowment grants prohibit the recipient from using or borrowing against principal, particularly during the first years after the grant is made or during the period when matching funds must be raised. Some also require that the grantee build the corpus of the endowment by barring the organization from spending any income generated by the endowment grant during a set period of time. From the outset, any conditions along these lines must be made clear to an applicant, which may not have the financial or organizational wherewithal to build an endowment and forego access to the income generated by the fund, while at the same time meeting its ongoing core and project support obligations.

Over the years, the Foundation has identified ten key organizational and financial indicators that generally help to determine if an endowment makes sense for an organization. These are:

- **a track record of outstanding performance and of capacity to adapt to changing priorities and needs in its field over time;**
- **strong leadership and experienced management;**
- **a history of at least one successful leadership transition and board succession;**
- **an active and diverse board that truly governs the organization;**
- **financial stability during several previous years, with income at least equaling expenses;**
- **fiscal accountability, with annual outside audits;**

- **a diversified base of support;**
- **evidence of board and staff commitment to pursuing an endowment strategy;**
- **sufficient staff and other capacities to conduct an endowment campaign, to manage an investment program, and to continue raising core and project support; and**
- **the potential to raise matching support from other donors.**

In order to determine whether an organization would benefit from a general institutional endowment fund, an overall management review of the potential grantee is highly recommended. Usually conducted by an outside consultant or consulting firm with the requisite expertise, a management review will assess an organization's various capacities and develop a clear picture of its strengths and weaknesses. For example, it will analyze how effectively the organization pursues its programmatic mission; appraise the depth of fundraising, investment, and management expertise at the staff and board levels; and evaluate the organization's fundraising and investment oversight, and governance structures.

In addition to a management review, a feasibility study will help determine whether an endowment drive makes sense. This tool is especially helpful when an organization considers the development of a new institutional endowment fund. This study will help both the applicant and donors in two ways. First, it will determine whether building an endowment is realistic from a fundraising point of view by examining the current funding climate and determining the donor community's potential responsiveness. Second, a feasibility study will analyze whether the organization's goal will yield sufficient income to warrant the considerable time and resources needed to raise, manage, and protect the real purchasing power of the endowment over time.

Throughout this process, Foundation staff are advised to engage in ongoing discussions with the applicant's senior level staff and board members in order to ensure a clear understanding about the wide range of issues that necessarily arise in negotiating the terms and conditions of an institutional endowment grant. For example, because the Foundation rarely provides enough funding to meet an organization's total endowment needs, the prospective grantee has to set a realistic goal that reflects its long range financial needs, to determine the usefulness of a matching requirement in leveraging support from other donors, and to agree to a matching ratio. If an endowment grant is awarded, staff also should communicate the Foundation's position with regard to the possibility of future operating or project support, and any monitoring procedures or evaluation benchmarks.

Exhibit I offers an example of a **general institutional endowment grant**:

Exhibit I

Category	General institutional endowment grant
Grantee	The Urban Institute (District of Columbia)
Grant amount	\$7 million – endowment support (FY 1994)
Organizational background	A Foundation grantee since its founding in 1968, UI is one of the premier U.S. public policy research institutes addressing social and economic policy issues. Its research is especially concerned with domestic policy as it impacts minorities, women, and children in urban and rural settings.
Why did we get involved	<ul style="list-style-type: none"> • UI had an endowment in place, and the Foundation’s endowment grant was intended to enable UI to reach its \$25 million goal. • This was a challenge grant that required UI to receive cash/pledges satisfying the Foundation’s matching conditions. • Also a tie-off grant, this action informed UI that it could only submit future requests for project support, not proposals for general support. • The Foundation wanted to recognize UI’s credibility and reputation as an institution producing in-depth and timely research on a wide range of government programs and policies that is useful to policymakers.
Preliminary activities	UI had to raise \$5 million in cash/pledges in order to satisfy the matching requirement of the Foundation’s challenge grant.
What we ended up doing	The Foundation made a \$7 million combination challenge and tie-off endowment grant to UI in fiscal 1994.

Before concluding that the only recourse to a general institutional endowment grant is a return to core or project support, several alternatives might be considered. The first of these is a **special purpose endowment grant**, which provides endowment funds for a particular effort, such as a program development fund or a fellowship program (see Exhibit II).

Exhibit II

Category	Special purpose endowment grant
Grantee	Center for Policy Research (India)
Grant amount	\$200,000 – endowment support for non-official dialogues in South and East Asia (FY 1999)
Organizational background	Established in 1973 and a Foundation grantee since 1980, CPR is a policy research institution that expanded its focus beyond domestic social and economic issues to include international and regional (Asia) policy concerns.
Why did we get involved	<ul style="list-style-type: none"> • In 1991, CPR received a \$500,000 general institutional endowment grant from the Foundation. • CPR was the lead organization in developing the South Asia Dialogue Series, predecessor to the Track II Dialogues, non-official and high level discussions involving government officials, scholars, and other policymakers from countries that are distrustful of each other. • A key Foundation strategy aimed at enhancing peace and security in the Asian region has been the promotion of non-official dialogues, and the Foundation wanted to establish a dedicated fund for this purpose.
Preliminary activities	In 1996, the Foundation made a grant to York University (Toronto) for a comprehensive evaluation of non-official dialogues in Asia.
What we ended up doing	In FY 1999, CPR received a \$200,000 endowment grant to establish a dedicated fund to promote Track II Dialogues in South and East Asia.

Foundation staff may also recommend **endowment-like** or **endowment-related** grants. These types of grants are typically awarded when an organization is not ready to build or manage a general institutional or special purpose endowment. **Endowment-like grants** assist grantees by offering them access to flexible funding. As a result, they are also made available to organizations which have determined that standard endowment grants are too limiting due to their more restrictive terms and conditions. Endowment-like grants generally fall into two categories:

(1) Capital depletion grants make flexible funding available over a significant number of years (for example, seven to ten years), usually for an organization’s general operations. These grants are paid up front in a lump sum in order to allow the organization to benefit from the investment of the grant funds (see Exhibit III).

Exhibit III

Category	Capital depletion grant
Grantee	The Aspen Institute, Inc. (District of Columbia)
Grant amount	\$3.5 million - to secure core support for an awards program for research on the nonprofit sector (FY 2000)
Organizational background	Founded in 1950, the Institute is a global forum that convenes leaders to address critical issues facing societies, organizations, and individuals. Since 1991, its Nonprofit Sector Research Fund has made research awards to scholars and practitioners studying critical aspects of the nonprofit sector.
Why did we get involved	<ul style="list-style-type: none"> • A consortium of foundations, led by Ford, established the Fund. • The Fund encourages high quality research and promotes the use of this knowledge to improve practice and inform public policy.
Preliminary activities	<ul style="list-style-type: none"> • The Foundation provided nearly \$5 million for the Fund in the past.
What we ended up doing	<ul style="list-style-type: none"> • The Foundation made a seven-year \$3.5 million capital depletion grant.

(2) **Working capital reserve grants** provide a source of funds for an organization to deal with an unexpected drop in the availability or the receipt of revenues, or with unanticipated expenses (see Exhibit IV).

Exhibit IV

Category	Working capital reserve grant
Grantee	Manchester Bidwell Development Trust (Pennsylvania)
Grant amount	\$600,000 – support to establish a restricted working capital reserve (FY 1999)
Organizational background	MBDT is the financial arm of the Manchester Craftsmen’s Guild, which was founded in 1968. MBDT was started in 1998 to help build endowed funds for and to manage the capital resources of the Guild in developing its community arts programs and projects.
Why did we get involved	<ul style="list-style-type: none"> • The Guild was part of a Foundation initiative to strengthen the arts programs of “mature” community development corporations. • With an existing and effective arts program, the Guild served as a vehicle to advance community development goals. • The Foundation funded the Guild’s Community Development Corporation Arts Resources Initiative (CDCARI), which helped other CDCs strengthen their arts programs and advance community development.
Preliminary activities	<ul style="list-style-type: none"> • A Foundation-funded study by the Corporation for Enterprise Development reported that the Guild was a key CDC with a strong commitment to its arts programs, and invited the Guild to develop the CDCARI in 1993. • A Foundation-commissioned management assessment by McKinsey and Co. suggested that the Guild increase its management and financial capacities.
What we ended up doing	In FY 1999, the Foundation made three grants to MBDT: \$600,000 to establish a restricted working capital reserve; \$400,000 to add new financial and project management staff positions; and \$500,000 to establish an endowment.

Finally, Foundation staff may recommend **endowment-related grants** that offer project support for specific activities aimed at enhancing the capacity of a grantee to raise and manage an endowment fund. It is important to note that while an endowment-related action often provides a modest amount of funds, its impact can far outweigh the relatively small size of the grant. One of the most effective ways to assist a nonprofit organization, endowment-related grants generally fall into two categories. The first includes grants that assist a grantee in determining the appropriateness of pursuing an endowment strategy. For example, these types of grants may provide support for the management review that assesses the internal capacities of an organization, or for the feasibility study that evaluates the institution’s potential for soliciting endowment support (see Exhibit V).

Exhibit V

Category	Endowment-related grant - feasibility study
Grantee	International Centre for Diarrhoeal Disease Research (Bangladesh)
Grant amount	\$49,500 – support for study of the feasibility of launching an international endowment campaign (FY 1993)
Organizational background	ICDDR, B was a Foundation grantee since its establishment in 1978 as the successor to the Cholera Research Laboratory. It was known worldwide for its work in diarrhoeal research and for developing the Oral Rehydration Solution and Therapy, an alternative to vaccines in cholera prevention.
Why did we get involved	<ul style="list-style-type: none"> • The Foundation wanted to strengthen ICDDR,B’s status as a leading biomedical research institution and its overall contribution to world health. • The Foundation has a longstanding interest in the health of mothers and children in the developing world.
Preliminary activities	<ul style="list-style-type: none"> • Aware that ICDDR,B needed to address management issues and consider the vagaries of donors in the area of biomedical research, the Foundation pursued an assessment approach on the feasibility of an endowment campaign. • The study detailed options for creating a quasi-endowment fund, provided information on potential North American donors, and recommended actions that ICDDR,B should take prior to a capital campaign.
What we ended up doing	<ul style="list-style-type: none"> • A consultant prepared a case statement for presenting ICDDR,B. • ICDDR,B established an endowment fund committee. • This process led to a \$1.3 million grant from the Foundation in FY 1996.

The second type of endowment-related grant may provide support for the creation of educational materials for conducting a capital campaign, or support for the campaign itself (see Exhibit VI).

Exhibit VI

Category	Endowment-related grant - capital campaign support
Grantee	Birzeit University (West Bank)
Grant amount	\$260,000 – support for a new fundraising and endowment management unit at the University (FY 2000)
Organizational background	Founded as a secondary school in 1924, Birzeit began to offer university-level courses in 1951 and four-year university degrees in 1975. Seven institutes or centers provide specialized post-graduate and professional training, four of which currently receive Foundation support.
Why did we get involved	<ul style="list-style-type: none"> • The Foundation has a strategy to help establish and strengthen strong public and civil society institutions committed to advancing democracy and equity within Palestinian society. • Birzeit has received 34 grants from the Foundation totaling \$4.77 million. • The University relied on tuition, ad hoc contributions for projects, and declining aid from the European Union and its member states. It had no endowment fund or fundraising strategy.
Preliminary activities	Birzeit engaged a consultant to review its financial situation and participated in a USAID project to help it meeting accounting standards.
What we ended up doing	The Foundation made a \$260,000 grant to Birzeit for a new development unit, the preparation of a fundraising plan, and training in fundraising and endowment management.

Sometimes, management and feasibility studies produce findings which recommend that the Foundation consider a combination of grants. For example, a long-term recipient of core support from the Foundation may reach a stage in its development when it is ready to launch a capital campaign but does not have a sufficiently broad or diversified base of annual support from other funding sources. In the short term, this organization might benefit from simultaneously receiving a general institutional endowment grant and continuing core support, possibly in diminishing amounts over a fixed period of years. Another organization might need a working capital reserve grant to stabilize its operations and an endowment-related grant to conduct a feasibility study of its prospects for starting an endowment.

Most of the issues covered above apply to organizations located both inside and outside the United States. However, it is also important to consider the grantmaking context in foreign countries, specifically whether there is likely to be an understanding with regard to the purpose, fundraising process, governance, investment options, and spending policies for an endowment fund or endowment-like funding. Other outstanding issues include any legal, financial, and administrative restrictions specific to a particular country.

For both United States and foreign organizations, there are several legal issues in considering an endowment grant:

- **If the applicant is not a 501(c)(3) nonprofit organization or the foreign equivalent of one, as defined by the United States Internal Revenue Code, an endowment grant cannot be made.**
- **If the prospective grantee is a governmental unit, publicly-supported 501(c)(3) organization or foreign equivalent, an endowment grant may be made and expenditure responsibility need not be exercised.**
- **If the potential recipient is a 501(c)(3) or foreign equivalent that is not publicly supported, expenditure responsibility must be exercised.**
- **Reporting must continue for at least three years and until it is reasonably apparent to the Foundation that the principal of and the income from the endowment grant are being used for proper purposes and in accordance with the terms of the grant notification letter.**

As with any other grant, it is also worth noting the following:

- **If funds are used for exempt purposes other than those specified in the grant letter, the Foundation must take all reasonable and appropriate steps to recover the**

diverted funds or to insure their restoration to the purposes of the grant, or the grant must be modified to make it consistent with the expenditure of the funds.

- **Finally, if endowment funds are used for a non-exempt purpose, the amount could become a taxable expenditure to the Foundation. This could lead to the imposition of a penalty tax, unless the Foundation remedies the situation by taking all reasonable and appropriate steps to recover the funds or to insure the restoration of the diverted funds and any other grant funds to the purposes of the grant.**

III. HOW WILL THE ENDOWMENT FUNDS BE RAISED?

Once an organization determines that it would benefit from an endowment fund and that it has the organizational and financial capacity to pursue this option, two priority issues have to be addressed before it appeals for contributions. First, in order to present the strongest case for endowment funding, the organization should implement any necessary policy, administrative, or other changes that it identifies, or any improvements that are recommended by a management review or feasibility study. Second, the organization needs to prepare a case statement that will convince potential funders that a permanent need exists for its work. This statement also should indicate how the organization plans to meet its campaign goal, and responsibly govern and invest its endowment. All of this means that a prospective grantee must expend considerable resources in shaping the scope of its endowment fundraising, determining its fundraising strategy, developing an investment plan, and presenting itself to likely donors.

To conduct an effective fundraising strategy, an organization seeking an endowment grant needs to identify likely funding sources. In this regard, Foundation staff may speak with other donors about their possible collaboration in a fundraising drive on behalf of a particular organization. Potential donors fall into three broad categories:

- **foreign and domestic public donors, such as bilateral and multilateral agencies;**
- **foreign and domestic private donors, including individuals and foundations; and**
- **foreign and domestic corporate donors.**

While more donors are expanding their endowment, endowment-like, and endowment-related grantmaking, many donors have chosen not to move into this arena, and instead continue to provide only core or project support. As a result, an organization that wants to build an endowment but has relied upon such donors for ongoing support will need to reach out to an entirely new group of potential funders. Particularly under these circumstances, an organization seeking endowment support should be encouraged to obtain advice and technical assistance from the wide range of experts that are available to offer guidance and help along these lines. Nonprofit resources, such as the Foundation Center in the United States, are also effective in helping organizations identify likely donors.

If an organization engages the services of an outside fundraiser, it is essential for the organization to recognize that these professionals should not solicit the contributions by themselves. Fundraisers may play a major role in designing a capital campaign, preparing

proposals and related materials, identifying potential donors, suggesting the appropriate level of funding to request from a specific donor, arranging appointments, and monitoring the progress of a fundraising strategy. They may often accompany members of the organization making presentations to prospective donors. However, outside fundraisers should not be the primary solicitors. Particularly when considering large contributions, donors want to meet and engage in discussion with the principals directly involved in the organization.

Prospective donors will be interested in whether board members or volunteers in the organization have contributed to the endowment drive. Called “lead gifts”, these donations are far more meaningful than the actual amount of funds provided, because they demonstrate a strong and personal commitment to the work of the organization and affirm the sincerity of the solicitation. Thus, before soliciting funds from outside sources, an organization might first consider the possibility of raising a portion of the endowment fund internally.

There are four basic approaches to endowment fundraising, each of which has its advantages and disadvantages. The first method involves building an endowment fund through the gradual accumulation of funds. For example, an organization might simply let its individual supporters know that it would like to be remembered when they plan their estates. An organization might also reach out to its immediate circle of contacts (such as financial advisors, attorneys, accountants, or insurance agents) or current supporters to alert them to its interest in building an endowment. This approach is inexpensive, and does not involve the preparation of campaign materials or require the expenditure of resources. It also consumes only limited energies of the organization’s board, staff, and volunteers. While this method can be effective, particularly if a donor makes a substantial gift, it also has drawbacks. This type of fundraising may raise donations at too slow a pace and may produce insufficient results. Perhaps the greatest risk of this strategy is that the commitment and momentum to build the endowment fund may be lost, particularly with future changes on the organization’s board or staff. Further, regardless of the size of the endowment, it is still necessary for the grantee to put in place the requisite management oversight, investment policies, and spending guidelines to oversee the fund.

The second approach involves the implementation of an organized capital campaign, preceded by a management review and/or feasibility study, the hiring of staff or consultants with various expertise, and the development of a case statement and other marketing resources. A capital campaign also requires an organization to set a realistic financial goal that estimates the amount of endowment funds needed to generate a certain percentage of its budget. Involving a

significant amount of planning and preparation, a capital campaign may help an organization to sharpen its message, to undertake long-range planning, and to develop a well-formulated fundraising strategy. This effort involves a considerable expenditure of time and resources, and risks diverting too much of the organization's attention from its programmatic work and from the ongoing need to raise core and project support.

The third option is to work with a community foundation that pools funds for investment purposes. The community foundation assumes responsibility for the oversight and investment of the fund. Organizations using this arrangement benefit from the distributions, do not have to develop certain financial and investment capacities, and may receive better returns at lower costs. Some donors also find this arrangement appealing, because it reduces the risk of an organization's invasion of principal. It also assures donors that whatever circumstances arise, such as the demise of an organization, future uses of the fund's income will closely match the donor's original intentions. In addition, many community foundations have the capacity to deal with the complexity of deferred gifts. It is important to note that the funds held by a community foundation are the property of the community foundation, not of the organization(s) benefiting from the income.

A fourth option is for an organization to develop a strategy for building an endowment in stages. By creating a modest initial endowment, an organization may use that successful effort to demonstrate its effectiveness in soliciting endowment support and its prudence in establishing the necessary mechanisms and guidelines for managing the fund (see chapters four, five, and six). Having passed this threshold, an organization with a successful track record is better positioned to leverage additional support from other donors. Even a moderately-sized endowment may serve as a catalyst for organizational and financial change, programmatic innovation, and enhanced Board leadership. For all these reasons, an organization should not be discouraged from pursuing an endowment strategy simply because the process is challenging and the rewards appear too remote.

The involvement of volunteers in an endowment building effort is also helpful, even if they have no particular connection to potential donors. These volunteers may be individuals who are committed to the work of the organization, as well as those individuals who have directly benefited from the organization's work. For example, the latter group may include individuals who have attended a college, graduated from a fellowship program, or participated in a mentoring program.

In reaching out across the wider spectrum of potential donors, organizations also need to adopt gift acceptance policies that anticipate the variety of requests donors may make. For example, a donor might specify that its contribution be placed in a separate endowment fund so that its donation for a specific activity or program is permanently identifiable. While trying to facilitate this request may make sense, separate funds incur additional costs and limit an organization's flexibility over the long-term. Thus, an organization might consider adopting a policy that sets a minimum level for a donation that carries this type of condition. It is equally important to protect the wishes of a donor who wants to remain anonymous. Rather than jeopardizing an otherwise acceptable gift, organizations should have fundraising policies that foresee these and other possibilities, and they should be prepared to respond with alternative suggestions, as necessary.

An organization may also consider additional mechanisms in raising endowment support and approaching potential funding sources. One effective method is to incorporate a challenge or matching requirement into the solicitation. This device serves two purposes. It encourages the organization to set specific goals and deadlines and helps the applicant to leverage support from other funding sources. Matching conditions typically put into place more explicit monitoring and reporting requirements, particularly if funding must be raised before a donor's grant funds may be released. They also require more detailed negotiations than general or core support grants about what will happen if the recipient is unable to meet all the terms and conditions. Several questions need to be answered when organizations and donors agree to incorporate matching conditions into a grant, including:

- **what matching ratio (e.g., one-to-one, two-to-one) will be selected?**
- **what will count toward the matching requirement?**
- **how will the funds be released (in a lump sum up front, or periodic payments as matching funds are received)?**
- **what will be the time frame for meeting the matching requirements?**
- **what will happen if the grant funds are not fully matched?**
- **how long will reports be required?**

Because it is virtually impossible to conduct a capital campaign as a routine effort, it may also be productive to encourage an organization to pursue several preparatory or complementary activities. As described previously, endowment-related grants are particularly effective in

helping grantees to undertake strategic planning, hire a fundraiser, identify needed organizational changes, analyze long-term financial needs, and develop educational materials. Foundation staff should also encourage a prospective grantee's staff and board members to talk with other organizations that have run endowment campaigns so that they might learn from the experiences of colleagues.

Given that it is difficult for nonprofit organizations to solicit large donations towards an endowment fund or to undertake a capital campaign as a routine effort, four points need to be emphasized. The first concerns the importance of local contributions in raising endowment support. Too many organizations conclude that their local communities or target constituencies have insufficient resources to provide endowment or endowment-like support. Instead, they choose to focus their efforts on larger donors such as regional and national funders. This is unfortunate, because a considerable body of evidence suggests that local and constituent contributions, even if they are modest, are far more important than the actual amount of funds received. Reflecting a deeper commitment to an organization, this type of support goes a long way towards establishing the credibility and legitimacy of an organization's work and its fundraising efforts and, as a consequence, can have a strong impact in leveraging support from other sources.

Second, it is important to encourage nonprofit organizations to be creative in soliciting endowment and endowment-like grants. For example, people are mobile and move across local and national boundaries. At the same time, significant numbers maintain interests in and ties to the communities or countries they have left. In these situations, "diaspora" fundraising may be particularly appropriate and surprisingly productive.

Third, an organization launching a capital campaign must continue raising general support and project funding for its ongoing operations. As stated previously, endowment fundraising is time-consuming and carries considerable uncertainty. It may also require an organization to acquire different skills and expertise, to undertake organizational changes, and to reach out to a broader range of potential donors. As a result, an organization seeking to develop and build an endowment fund must first attend to its short-term needs by preserving its base of support. And fourth, an organization seeking endowment funding also should be advised that follow-up is essential, because the solicitation of larger contributions always requires several meetings and conversations.

IV. HOW WILL THE ENDOWMENT FUND BE GOVERNED?

When a nonprofit organization obtains endowment and other long-term funding, it needs to manage these resources prudently. This applies to the governance, investment, and spending policies of an endowed institution. In this chapter, we specifically address issues of prudent governance. Investment strategies and spending guidelines are discussed in the following two chapters.

The issues considered in this chapter, as well as in the following chapters, apply to organizations with investable assets. These assets include the initial contributions from donors plus investment earnings on these funds (that is, dividends, interest, and realized and unrealized capital gains), net of spending. In all cases, donors have a range of options in limiting or permitting a grantee's access to the amount initially contributed, and to the various components of investment earnings.

Overall responsibility for an endowment fund rests with an institution's governing body, usually the board of directors or trustees which establishes the organization's policies and agenda, monitors its progress towards stated goals, and sets its rules and standards for operations. In receiving endowment funds, the board must determine the goals of its investment program, and the strategy and means for achieving its objectives within the terms and conditions set by donors. It also needs to assess the organization's internal capacity for implementing and monitoring an investment program; to evaluate the organization's risk tolerance; and to decide the appropriate mix of assets in which to invest the endowment funds. **In all cases, a grantee's board is strongly advised to prepare written investment policies and guidelines.**

Developing a written plan serves several purposes. It explains the organization's objectives and details how it plans to go about achieving its goals. It also facilitates board accountability and helps avoid misunderstandings with staff, constituents, donors, and outside professional service providers, such as fund managers. Most importantly, a written plan requires a board dialogue resulting in principles and procedures for safeguarding against the inappropriate invasion of the endowment. Invasions usually occur in two ways: through the withdrawal of endowment funds; or through borrowing against the endowment. Within the context of this discussion, it is worth noting that an organization's failure to take into account the corrosive effects of inflation reflects an indirect invasion of the endowment.

In addition to preparing written policies and guidelines, one of the most effective ways for a nonprofit organization to manage and safeguard its endowment fund is to delegate specific responsibilities to an investment committee or a sub-committee of the board. Many boards operate partially through committees which have organizational, programmatic, and financial responsibilities. If a potential recipient of long-term or investable funding does not have an existing committee that oversees the organization's finances and investments, Foundation staff should encourage that organization to form such a committee. In some instances, an organization will decide to establish a separate corporation with its own board to receive and manage endowment grants.

An investment committee is typically comprised of two to six board members who are selected for their familiarity with business, investment, and financial issues. If an organization lacks board members with this expertise, it has three options. The board may target new recruitment on these skills as current board members' terms expire. It may also appoint additional members by increasing the overall number of board members. Finally, the board may enlist the assistance of non-board members sympathetic to the organization's mission to serve on an investment committee or advisory group. These individuals may be local business executives, bankers, investment managers, accountants, or college- and university-level faculty in finance or accounting. The committee members should not have connections to the investment fund managers under consideration, because such linkages might be construed as conflicts of interest.

An organization's board generally delegates specific responsibilities to an investment committee. Examples of the functions typically performed by an investment committee include:

- **the development of an investment strategy;**
- **recommendations concerning asset allocation so as to conform with the spending policies and the level of risk tolerance established by the board;**
- **the preparation of written investment policies and guidelines;**
- **the selection and monitoring of the fund managers or other investment vehicles;**
- **periodic reviews of the investment program's progress in order to ascertain whether it is meeting its objectives and to determine if the asset mix continues to be appropriate in light of changing market conditions and organizational goals; and**

- **oversight to ensure the timely receipt of reports by fund managers, and compliance with written investment guidelines, as well as with the terms and conditions set by donors.**

Just as it is virtually impossible for an organization to undertake a capital campaign as a routine effort, it is sometimes impractical for a nonprofit institution to attend to all aspects of managing its endowment funds without some outside help. For example, an asset management consulting firm can help with the development of an asset allocation plan that is consistent with the grantee's goals; the collection of qualitative and quantitative information about potential fund managers; recommendations regarding fund managers; measurement and evaluation of a fund's performance; and advice concerning the termination of a poorly performing manager. Asset management consulting firms are generally paid through a combination of retainers and hourly fees. In most situations, it is poor practice to allow consultants to be paid through placement fees, payments by a fund manager to the consultant who recommended engaging that manager.

Appropriate consulting firms may be identified by their client lists, which should include at least several of the following: foundations; college and university endowment funds; and corporate, union, and public pension plans. The services of a qualified individual consultant may be engaged, as long as he or she is not also a broker, financial planner, or, with some exceptions, an investment manager. It is also acceptable to use well-regarded institutional asset consulting firms affiliated with an investment management firm. Lists of suitable firms are readily available in large public and academic libraries. Other U.S. organizations that may be helpful with investment policy and implementation include The Common Fund and The Investment Fund for Foundations, not-for-profit membership organizations that provide these services to their investment management clients.

Because organizations based outside the United States raise a multitude of investment, regulatory, and other issues, both this chapter and the next largely address questions from the perspectives of U.S. institutions. While general governance and investment principles apply worldwide, Foundation staff and overseas organizations should consult local authorities and advisers regarding the management of investable funds.

V. HOW WILL THE ENDOWMENT FUND BE INVESTED?

With the responsibility of preserving and prudently managing their investable assets, nonprofit organizations need to be reminded that to some degree they are always at the mercy of the markets and that no one with market exposure obtains good results in absolute terms when all asset classes decline. The four most important investment principles are:

- **to set reasonable investment goals that avoid excessive risks or volatility;**
- **to balance the need for safety and growth;**
- **to monitor the performance of investments; and**
- **to adjust the investment strategy in response to performance results, changing market conditions, and changing institutional needs.**

In overseeing the investment of its endowment funds, while at the same time responsibly meeting its ongoing financial obligations, a nonprofit organization must determine the following:

- **spending policy** - the dollar amount or percentage of assets that may be spent per year, and the adjustments that may be made as circumstances change -- e.g., the receipt of additional contributions, unusually high or low investment returns, etc. -- (to be discussed in greater detail in the following chapter);
- **asset allocation** - a target percentage or percentage range in each of the principal asset classes (e.g., equities, bonds, cash) that is consistent with the purpose for which the funds are invested; and
- **fund structure** - the number of investment management firms to be engaged and other related issues.

The principal asset classes in which institutions may invest are stocks (also called equities), bonds, and cash. While a number of alternative assets (such as real estate and private equity) have become increasingly popular with investors in recent years, these strategies carry higher risks and are not recommended for institutions with small endowments or with limited capacities to monitor complex investments. In this discussion, references to stocks or equities denote diversified stock funds in which a large number of publicly-traded stocks are held. These funds generally hold and trade investments in anywhere from 30 to several hundred different companies.

Because stocks offer an opportunity for the growth of capital, they constitute some 60 to 70 percent of the liquid investment assets of U.S. institutions such as foundations,

endowments, and pension plans. The principal stock categories are: U.S. stocks; international developed country stocks (Western Europe, Japan, Canada, and Australia); and emerging market stocks. It is generally recommended that U.S. stocks form the bulk of an equity portfolio, with non-U.S. stocks representing no more than 25 percent of an organization's total position in stocks. An important component of most portfolios, international developed country equities diversify the portfolio's risks and offer investors exposure to additional investment opportunities. Emerging market stocks should constitute no more than 5 percent of the total invested in stocks, if held at all.

Informed investors disagree about the merits of indexing or actively managing a stock fund. Indexing is the holding of all securities in an index (such as the Standard and Poor 500) with each security held in proportion to its weight in the index. Indexing carries much lower fees than active management, and no attempt is made to exceed the return on the index. The majority of stock funds are actively managed, meaning that a manager selects stocks in an attempt to outperform the index representing the asset class in which the fund is invested. Because each approach has its advantages and disadvantages, an organization's investment committee generally makes this determination.

Like stocks, fixed-income investments are available in many categories: U.S. bonds (Treasuries, mortgages, and corporate); high-yield bonds; non-U.S. bonds; inflation-linked bonds; and cash reserves. Within each category, the most important characteristic is duration. Funds with an intermediate duration (with an average maturity of about 5 years) typically offer the best mix of risk and return characteristics; long-duration funds are designed principally for specialized institutions, such as defined-benefit pension funds, and should be avoided by endowed institutions. Issued by corporations, high-yield bonds carry a substantial credit risk. A fixed-income program is considered well-diversified without holding high-yield bonds or the other specialty instruments. For most institutions, U.S. bonds should form all or most of their fixed-income investment program.

Cash is an important reserve asset. Grants and operating expenses need to be paid in cash, and it is not always practical to liquidate stocks or bonds. Moreover, cash, which has no risk of fluctuation in principal value, is the safest asset, at least over the short term. It is usually invested by the institution's bank or investment management firm in a money market or short-term investment fund (typically holding U.S. Treasury bills, certificates of deposit, and short-

term corporate obligations). Over longer periods, cash carries different risks, because it may earn a return lower than the rate of inflation, thereby eroding its real value and purchasing power.

The most fundamental concept in investing is the relationship between risk, meaning the fluctuation in asset values, and expected returns. Because cash invested in a money market fund experiences no fluctuation in principal, this investment is exceedingly safe, and issuers do not pay high interest rates. Long-term bonds vary in market value, so issuers have to pay higher interest rates to compensate investors for the fluctuations. Stocks offer the potential of even higher returns. Gains (or losses) come in the form of increases (or decreases) in the price per share, plus dividends if any. Bonds are typically less risky than stocks, because the original investment is returned to the investor, plus interest. Like stocks, however, bonds fluctuate in price because market interest rates change while interest payments remain fixed over the life of the bond. Because a bond's risk is proportionate to its duration, long-term bonds are riskier than short-term bonds.

Since it is difficult to predict how securities or asset classes will perform, the cornerstone of investment management is that a diversified portfolio always offers the safest combination of risk and return. Asset classes do not move up and down together, so the risk of an overall investment program may be alleviated by holding more than one asset class. By far the most important asset allocation question is how much to hold in equities and in fixed income assets. While stocks have historically outperformed all other major asset classes, they carry more risk than other investment assets and should not comprise the totality of a nonprofit organization's investment portfolio, even if the assets are intended to be held over a long period.

One of the most important factors in determining risk tolerance is the time period over which investments are expected to be held. For example, if an institution invests assets to meet a precisely defined short-term need, the investment approach should be more conservative than for an endowment fund that is to be held in perpetuity. While it is difficult to quantify the impact that a time horizon has on the risk-tolerance decision, some generally accepted guidelines can be identified:

- assets to be spent in a year or two should be invested only in cash and short-term bonds;
- as the investment horizon lengthens beyond two years, there should be a gradual increase in risk tolerance so that intermediate-term bonds, equities in small amounts, and finally equities in larger amounts, are included in the mix; and

- assets that are to be held for 20 years or more may be more heavily invested in equities.

Once the board of an organization determines the appropriate investment approach for its portfolio, it must turn its attention to choosing the type(s) of investment accounts in which it will place its funds. The three broad categories of investment accounts managed by an outside asset management firm are:

- **separate investment accounts**, which are owned exclusively by a single investor;
- **commingled accounts**, in which ownership is shared among numerous investors, with each investor receiving a *pro rata* share of each of the securities bought for the portfolio; and
- **mutual funds**, a type of commingled account offered to the public in which the investor buys shares in the fund, which, in turn, convey a *pro rata* interest in each of the securities held by the fund.

Each account has its advantages and disadvantages. Separate accounts enable the grantee to specify the manner in which the funds may be invested, while commingled accounts, which allow less freedom than a separate account, offer reduced fees for smaller investors. Mutual funds provide a wide selection of “pre-packaged” products and have a small minimum investment requirement. The decision about which type of externally managed account to use depends largely on the amount of funds. If a fund is modest in size -- under \$1,000,000 -- it usually does not make economic sense to use commingled or separate accounts. Instead, an investment committee may choose several mutual funds in order to achieve the desired mix of assets. If the fund is somewhat larger, a commingled account, which pools the resources from a number of institutions, may be more appropriate.

The grantee’s investment committee and board decide whether to use a single balanced account, which includes a mix of asset classes, or several asset-class accounts. Most large investment management firms provide both options. A balanced account offers consolidated reporting on all assets in one statement. The manager controls the asset allocation (within a grantee’s guidelines), which may be regarded as an advantage or disadvantage. Balanced accounts may not include all the asset classes that the grantee wishes to have.

If more than one account is desired, an additional question decided by the investment committee and board is whether to have more than one management firm. Some grantees, especially those with small investment programs, are attracted to the simplicity and efficiency of using a single manager, such as a bank trust department, a mutual fund organization, or an

independent investment advisory firm. Others choose one or more managers for each asset class in which they invest. Having a single management firm greatly simplifies the investment committee's job, because the manager provides performance measurement and evaluation, as well as risk assessment, for the entire fund. If multiple managers are chosen, the performance measurement and evaluation tasks need to be conducted by someone (usually a custodian or consultant, but occasionally an internal accountant or other member of the grantee's staff) having access to information on all the portfolios. Unless an organization has a strong internal investment staff, the advantages of having more than one manager are often outweighed by the additional complexity of selecting, monitoring, and working with several fund managers.

In choosing a specific fund manager for a given asset class or account, the grantee's investment committee compiles a list of potential candidates and reduces the list to two to three finalists for more in depth analysis and interviews. As described previously, an asset management consultant can be particularly helpful in this process. In addition to checking the manager's references, the grantee may also wish to contact a client that terminated the services of the prospective manager. (Newspaper and magazine articles provide information on organizations that have changed fund managers.) Key criteria in evaluating managers include:

- **assessments of long-term performance, with comparisons to relevant benchmarks;**
- **consistency in both up and down markets; and**
- **the availability of ancillary services** (such as advice on asset allocation, attendance at board meetings, proxy voting, and custody, which amounts to accepting fiduciary responsibility for ensuring that assets are kept safely with a bank, broker, or other qualified institution).

Once a selection is made, the grantee negotiates the fee, which is usually calculated as a percentage of the assets under management, subject to a dollar minimum. Fees are usually negotiable, except with mutual funds. The grantee also needs to define the performance benchmarks (market indexes) against which the manager's investments will be evaluated and to conclude a written agreement before it transfers its funds. If the grantee wants to impose special restrictions (such as social criteria) or to prohibit high-risk investments (in private equity, derivatives, hedge funds, or high yield debt), the fund manager needs to receive explicit instructions along these lines.

The investment committee should periodically review the investment program's progress in order to ascertain whether it is meeting its goals and to determine if the asset mix continues to

be appropriate in light of changing market conditions and organizational needs. To assess a fund manager's performance, the committee should use two tools: (1) performance measurement, which calculates the rates of return on each portfolio and on the total fund; and (2) performance evaluation, which compares the returns to benchmarks consisting of indices representing the asset classes in which the fund is invested, as well as to the results of other funds with similar asset mixes.

The fund manager also should submit regular, easily understandable reports, which include information regarding the investment program's compliance with fund mandates (e.g., not buying international stocks for an account that stipulates the purchase of U.S. securities). Other important issues include high turnover among the fund manager's senior investment staff, changes in ownership or in the investment process, and problems with the Securities and Exchange Commission or other legal authorities. Because it is costly to terminate a manager and to hire a new one, changing fund managers should be kept to a minimum.

(This chapter was adapted from a paper written by Laurence Siegel, Director of Policy Research in the Foundation's Investment Division. The complete text may be found on the Foundation's web site, [http://www.fordfound.org/publications/recent articles/investman.cfm](http://www.fordfound.org/publications/recent%20articles/investman.cfm).)

VI. HOW WILL THE ENDOWMENT FUND'S INCOME BE USED?

Ultimately, a grantee organization needs to determine how it will use its endowment and the income generated by the fund. If an endowment is to be held in perpetuity with the aim of preserving its purchasing power over time, setting an appropriate spending policy is one of the most important decisions that an endowed institution has to make. A spending policy spells out the amount or percentage of investment income (defined previously to include not only dividend and interest earnings, but also realized and unrealized capital gains and losses) that an organization may spend each year, and any adjustments that may be made to that policy in response to changing circumstances or market conditions (e.g., the receipt of additional contributions, unusually high or low investment returns, or other unforeseen developments).

In determining an appropriate spending policy, an endowed institution must find a way to balance two competing goals: (1) the need to preserve and grow the real value of its assets, adjusted for inflation; and (2) the ability to distribute or expend sufficient funds to meet a fixed amount of its core operating costs or project expenses. Satisfying both objectives is crucial if an organization regards its endowment as an enduring mechanism for long-term financial planning, organizational stability, and programmatic independence. For example, if an endowed institution sets a spending policy at a level that exceeds the return on its portfolio, it will effectively erode its asset base over time by spending down its endowment. An endowed institution can also jeopardize the real value of its fund by failing to take into account inflationary pressures or to anticipate the impact of fluctuating market conditions.

Because the purpose of building an endowment is to generate usable, expendable income, it behooves an organization with such a fund to establish a sound spending policy that accommodates the need for asset preservation and portfolio growth. The following examples illustrate how an endowed institution might begin to approach the issue of determining an appropriate level of spending.

Example I

An organization decides to build an endowment that annually generates \$100,000 in income. If this organization achieves an 8 percent return on its investments and elects to spend the entire amount of income generated by the fund, it will need to build a \$1.25 million endowment ($.08 \times \$1.25 \text{ million} = \$100,000$). In this situation, the organization's asset base would remain at \$1.25 million year after year, and the real value of the fund would decline annually at the current rate of inflation. Even if this fund continues to generate \$100,000 in income, inflation would similarly erode the real value of the \$100,000 in income year after year.

Example II

For the same organization with an endowment of \$1.25 million, assume that inflation stands at 4 percent and that the organization realizes an 8 percent return on its investments. If half its \$100,000 return is reinvested in the endowment to maintain the fund's value against inflation, then only \$50,000 would be available for the organization to spend on programs and administrative costs. The asset base of the organization would be protected, but the organization would not be able to generate the amount desired for its operations.

Example III

If this organization projects an 8 percent return on its investments and decides that it wants to spend \$100,000 each year and to preserve the real value of its fund, then it must build an endowment of \$2.5 million to realize \$200,000 in income ($.08 \times \$2.5 \text{ million} = \$200,000$). A fund at this level would enable the organization to spend \$100,000 and to reinvest \$100,000 in its endowment fund, thereby protecting its asset base.

While decisions about spending policies may appear to be straightforward, they are complicated by unforeseen short-term and long-term fluctuations in market conditions. As noted in the previous chapter on investment strategies, an endowed institution is always at the mercy of the markets, and no organization with market exposure obtains good results in absolute terms when all asset classes decline. However, it is also important to note that even in a favorable market environment, an endowment fund may decline in value. It is therefore highly advisable for an endowed institution to establish a routine for regularly reviewing and modifying its spending patterns against the performance of its invested assets.

The spending policies of certain endowed institutions are also affected by governmental regulations and mandates. In the United States, the Internal Revenue Code requires private foundations annually to disburse roughly 5 percent of the market value of their investment assets, in what are termed "qualified distributions." These are usually disbursements for grants, program-related investments, the direct conduct of charitable activities, and certain administrative expenses. This payout requirement does not apply to publicly-supported charities. (It should be noted that most community foundations are publicly-supported charities.) Organizations based outside the United States have to comply with the rules and regulations imposed by the countries where they are headquartered, and these can vary considerably, from an absence of any regulations to stringent requirements concerning a fund's governance and investment.

The spending policies of endowed institutions in the United States, including universities and other nonprofit organizations that are not subject to the 5 percent spending rule mandated by the Internal Revenue Code, still fall generally within the range of 4.5 to 5.5 percent of their investment assets each year. Considerable historical research and financial analysis have determined that at these rates endowed institutions are able to set reasonable investment goals that avoid excessive risk or volatility, to develop a portfolio with an asset mix that is balanced in terms of safety and growth, to realize sufficient returns on their investments in order to have access to adequate funds for their core operations and project expenses, and to reinvest a sensible amount of their income in their endowment funds as a hedge against inflation. Portfolio growth and modest spending levels also help endowed institutions to weather those periods during which they experience declines in the value of their invested assets.

Many donor organizations try to guide their grantees in this regard by prohibiting the recipients of endowment support from using or borrowing against principal. These restrictions may be imposed in perpetuity. They may also be applied during the first years after an endowment grant is made or when matching funds are being raised. In addition, some donors set conditions that prevent a grantee from spending any income during a specific period of years, thereby compelling the organization to build the size of its endowment by reinvesting all income in the fund in the short-term.

Because an organization that chooses to spend all or a significant portion of its endowment income is not planning for the long-term, Foundation program officers should assist their prospective grantees in determining a sound level of spending. As with the endowment issues presented in the previous chapters, these conversations are best undertaken at the outset during discussions about the proposed amount of the endowment grant, matching and reporting requirements, and other terms and conditions concerning the fund's governance and investment. Another helpful strategy is to suggest that applicants seek advice from accounting professionals on the relationship between asset preservation and spending. Applicants might also be encouraged to meet with the representatives of other endowed institutions that have successfully protected and grown the real value of their assets, adjusted for inflation, while at the same time benefiting from access to expendable funds.

VII. CONCLUSION

In conclusion, it is important to return to the cautionary points raised in the earlier chapters of this *Primer*. Endowment grants have the potential to provide significant assistance to nonprofit organizations whose substantive work is held in high regard. They may foster a sense of permanence, make it possible for a grantee to undertake long-term programmatic and financial planning, and facilitate organizational change and a sense of independence. Endowment grants may also serve as catalysts for leveraging additional funds from other sources.

However, both grantors and grantees tend to pay insufficient attention to the relative risks and merits of pursuing an endowment strategy. A particular organization may not have matured to the point, either organizationally or financially, where endowment support would be beneficial or appropriate. Conducting a capital campaign and overseeing the management and investment of endowment funds may require an organization to acquire different sets of skills and expertise. A prospective recipient also may not have the organizational capacity to raise endowment funding while at the same time attending to the ongoing need to solicit core and project support. Most importantly, creating and building an endowment carries additional and considerable risks, because, in the end, the fund may not produce the revenue projected by the grantee organization. Thus, rather than helping to stabilize a grantee that is experiencing financial or organizational difficulties, endowment grants are more appropriately made to organizations with histories of outstanding performance and capacity, strong and experienced leadership, a diversified base of support, an active and diverse board membership, and the commitment and ability to manage and invest an endowment fund.

By now, readers of this *Primer* may be somewhat overwhelmed by the considerable planning and precautions needed to determine the appropriateness of an endowment action for an organization. To assist program officers and grants administrators in this regard, there are four additional resources. The first is an endowment checklist, which is provided with this *Primer* as Attachment B. The checklist takes staff, step-by-step, through the process of analyzing an institution's organizational and financial readiness for pursuing an endowment strategy. The second resource, Attachment C, offers standard language for grant notification letters. The third resource provides generic governance, investment, and spending policies, and can be found in Attachment D. The fourth tool comes in the form of a recommended course of action. If a

program officer does not have first hand experience with endowment grantmaking, a helpful approach might be to work through the entire process of making the endowment grant with a program officer or consultant who has the necessary experience as part of a team. This would assist the program officer in becoming more comfortable with the entire process of pursuing an endowment strategy with an organization.

Endowment grants are not a panacea, nor are they the only way a donor may help a nonprofit organization. In this regard, endowment-related actions, such as management and feasibility studies, may help both donors and grantees consider whether an organization is organizationally and financially prepared to pursue an endowment strategy. While, in the end, continued core and project support may offer the best opportunities for helping a nonprofit organization, the time and effort spent on weighing the risks and benefits of an endowment strategy may produce significant, lasting outcomes.

1990 - 1999 Endowment and related grants by categories

1: General institutional endowment grants

GRANTEE	LOCATION	PERIOD	AMOUNT	PURPOSE
AFRICARE	DISTRICT OF COLUMBIA	1997-2000	\$2,300,000	SUPPORT FOR AN ENDOWMENT CAMPAIGN
AGA KHAN FOUNDATION	SWITZERLAND	1997-2003	\$2,100,000	ENDOWMENT AND PROGRAM SUPPORT FOR A KENYAN INTERMEDIARY FUNDING INSTITUTION TO ADVANCE COMMUNITY DEVELOPMENT AND PHILANTHROPY
AMERICAN CIVIL LIBERTIES UNION FOUNDATION, INC.	NEW YORK	1997-1999	\$650,000	CAPACITY-BUILDING INITIATIVE
AMERICAN CIVIL LIBERTIES UNION FOUNDATION, INC.	NEW YORK	1999-2003	\$7,000,000	SUPPORT FOR AN AMERICAN CIVIL LIBERTIES UNION FOUNDATION ENDOWMENT CAMPAIGN
THE AMERICAN UNIVERSITY IN CAIRO	EGYPT	1999-2000	\$1,000,000	CONTRIBUTION TO AN ENDOWMENT CAMPAIGN FOR THE CENTER FOR ARABIC STUDY ABROAD
AMIGOS DEL MUSEO DEL BARRIO, INC.	NEW YORK	1999-2004	\$1,000,000	SUPPORT FOR ADMINISTRATIVE DEVELOPMENT AND TO SEED AN ENDOWMENT
THE ARIAS FOUNDATION FOR PEACE AND HUMAN PROGRESS	COSTA RICA	1991-1993	\$300,000	SUPPORT FOR INSTITUTIONAL ENDOWMENT AND FORMULATION OF ECONOMIC DEVELOPMENT PROGRAM STRATEGY
ARPANA RESEARCH AND CHARITIES TRUST	INDIA	1994-1999	\$150,000	ENDOWMENT SUPPORT FOR A COMPREHENSIVE REPRODUCTIVE HEALTH PROGRAM
BALLET HISPANICO OF NEW YORK	NEW YORK	1999-2004	\$1,000,000	SUPPORT TO INCREASE MANAGERIAL STRENGTH, EXPAND AN EXISTING WORKING CAPITAL RESERVE, AND SEED AN ENDOWMENT
BANGLADESH INSTITUTE OF LAW AND INTERNATIONAL AFFAIRS	BANGLADESH	1994-1997	\$190,000	SUPPORT FOR THE INSTITUTE
BANGLADESH INSTITUTE OF RESEARCH FOR PROMOTION OF ESSENTIAL AND REPRODUCTIVE HEALTH AND TECHNOLOGIES	BANGLADESH	1995-1998	\$500,000	SUPPORT FOR AN ENDOWMENT FUND
BANGLADESH UNNAYAN PARISHAD	BANGLADESH	1997-2001	\$250,000	INSTITUTIONALIZE COMMUNITY-BASED FISHERIES MGMT; CONSOLIDATE POLICY RES./ADVOCACY FOR SUSTAINABLE MGMT. OF WATER & WETLAND RESOURCES
THE BOOK REVIEW LITERARY TRUST	INDIA	1999-2002	\$90,000	ENDOWMENT SUPPORT FOR INDEPENDENT AGENCY IN THE PUBLISHING SECTOR
UNIVERSITY OF CAPE TOWN	SOUTH AFRICA	1987-1994	\$613,290	SUPPORT FOR THE LABOUR LAW UNIT (SOUTH AFRICA)

GRANTEE	LOCATION	PERIOD	AMOUNT	PURPOSE
CENTER FOR RESOURCE ECONOMICS	DISTRICT OF COLUMBIA	1998-2004	\$2,775,000	GRANT TO CAPITALIZE ENDOWMENT FOR TIE-OFF SUPPORT TO THE CENTER FOR RESOURCE ECONOMICS AND ISLAND PRESS
CENTRAL HIMALAYAN ENVIRONMENT ASSOCIATION	INDIA	1998-2001	\$250,000	ENDOWMENT SUPPORT
CENTRAL HIMALAYAN RURAL ACTION GROUP	INDIA	1993-1996	\$75,000	SUPPORT FOR CHIRAG'S ENDOWMENT FUND
CENTRE OF MINOR FOREST PRODUCTS FOR RURAL DEVELOPMENT AND ENVIRONMENTAL CONSERVATION	INDIA	1998-03-24	\$400,000	SUPPORT RESEARCH, DOCUMENTATION AND NON-TIMBER FOREST PRODUCT-BASED ENTERPRISE DEVELOPMENT TO STRENGTHEN COMMUNITY FOREST MANAGEMENT
CENTRE FOR POLICY RESEARCH	INDIA	1991-1995	\$500,000	MATCHING SUPPORT FOR THE CENTRE'S ENDOWMENT
CENTRE FOR SCIENCE AND ENVIRONMENT	INDIA	1999-2002	\$250,000	MATCHING ENDOWMENT SUPPORT
CHIANG MAI UNIVERSITY	THAILAND	1998-2003	\$1,000,000	ENDOWMENT OF A NEW REGIONAL CENTER FOR SOCIAL SCIENCES AND SUSTAINABLE DEVELOPMENT
CHICANOS POR LA CAUSA, INC.	ARIZONA	1991-1998	\$3,000,000	TO ESTABLISH A PERMANENT ENDOWMENT FUND & A REVOLVING CASH RESERVE FUND TO ADDRESS TEMPORARY PROGRAM CASH FLOW SHORTAGES
CRY-CHILD RELIEF AND YOU	INDIA	1997-2000	\$290,000	ENDOWMENT SUPPORT FOR NGO SUPPORT INTERMEDIARY
EASTWEST INSTITUTE	NEW YORK	1999-2004	\$3,000,000	ENDOWMENT SUPPORT
FEDERATION OF COMMUNITY FORESTRY USERS, NEPAL	INDIA	1997-2000	\$205,000	SUPPORT FOR A NATIONAL FEDERATION OF COMMUNITY FORESTRY USERS
FEDERATION OF SOUTHERN COOPERATIVES/LAND ASSISTANCE FUND	ALABAMA	1997-2000	\$1,000,000	SUPPORT FOR ENDOWMENT, DEBT REDUCTION, MANAGEMENT STRENGTHENING, AND STRATEGIC PLANNING
FUNDACION PARA EDUCACION SUPERIOR	COLOMBIA	1996-2001	\$400,000	TO ESTABLISH AN ENDOWMENT FUND FOR A CONSORTIUM OF COLOMBIAN FOUNDATIONS SPECIALIZED IN COMMUNITY ECONOMIC DEVELOPMENT
FUNDACION PARA EDUCACION SUPERIOR	COLOMBIA	1997-2002	\$750,000	ENDOWMENT TO ESTABLISH HUMAN AND CIVIL RIGHTS FUND FOR INSTITUTIONAL DEVELOPMENT OF NGOs IN COLOMBIA
GALING POOK FOUNDATION (INNOVATIONS AND EXCELLENCE IN LOCAL GOVERNANCE), INC.	PHILIPPINES	1998-2003	\$1,000,000	CONTRIBUTION TO THE ENDOWMENT FUND
THE GRANARY FOUNDATION	NEBRASKA	1998-	\$2,000,000	GRANT TO CAPITALIZE ENDOWMENT FOR TIE-OFF SUPPORT TO THE CENTER FOR RURAL AFFAIRS

GRANTEE	LOCATION	PERIOD	AMOUNT	PURPOSE
PRESIDENT AND FELLOWS OF HARVARD COLLEGE	MASSACHUSETTS	1998-2001	\$500,000	ENDOWMENT SUPPORT FOR THE WOMEN'S STUDIES IN RELIGION PROGRAM AT THE HARVARD DIVINITY SCHOOL
HUMAN RIGHTS WATCH, INC.	DISTRICT OF COLUMBIA	1999-2001	\$7,200,000	SUPPORT FOR AN ENDOWMENT FUND, GENERAL OPERATING SUPPORT, AND PROJECT SUPPORT TO PROMOTE REFUGEE PROTECTION, ACADEMIC FREEDOM, AND WORK ON KOSOVO
INDIA FOUNDATION FOR THE ARTS	INDIA	1995-2000	\$2,000,000	SUPPLEMENTAL ENDOWMENT SUPPORT
INDIAN COUNCIL FOR RESEARCH ON INTERNATIONAL ECONOMIC RELATIONS	INDIA	1993-1998	\$300,000	ENDOWMENT SUPPORT FOR INDIAN ECONOMIC RESEARCH INSTITUTIONS
INDIAN INSTITUTE OF BIO-SOCIAL RESEARCH AND DEVELOPMENT	INDIA	1995-2002	\$200,000	SUPPLEMENTAL ENDOWMENT SUPPORT
THE INSTITUTE FOR DEMOCRACY IN SOUTH AFRICA	SOUTH AFRICA	1996-2001	\$1,000,000	SUPPORT FOR THE DEMOCRACY ENDOWMENT FUND OF AN NGO PROMOTING GOOD GOVERNANCE IN SOUTH AFRICA
INSTITUTE FOR INTEGRATED DEVELOPMENT STUDIES	NEPAL	1999-2002	\$850,000	ENDOWMENT SUPPORT FOR AN INDEPENDENT DEVELOPMENT AND POLICY RESEARCH INSTITUTE
INSTITUTE OF DEVELOPMENT STUDIES, JAIPUR	INDIA	1996-1999	\$100,000	ENDOWMENT SUPPORT
INSTITUTE OF ECONOMIC GROWTH	INDIA	1993-1998	\$150,000	SUPPORT FOR A NEW CENTRE FOR THE STUDY OF GLOBALIZATION
INSTITUTE OF SOCIAL STUDIES TRUST	INDIA	1994-1996	\$150,000	ENDOWMENT SUPPORT FOR A MAJOR WOMEN'S RESEARCH AND ADVOCACY ORGANIZATION
INTER-AMERICAN DIALOGUE	DISTRICT OF COLUMBIA	1999-2004	\$2,500,000	ENDOWMENT GRANT TO SUPPORT CORE OPERATING EXPENSES & ENHANCE THE CAPACITY TO ENGAGE DIVERSE LEADERS FROM THROUGHOUT THE HEMISPHERE
INTERNATIONAL CENTRE FOR DIARRHOEAL DISEASE RESEARCH, BANGLADESH	BANGLADESH	1996-2000	\$1,300,000	SUPPORT FOR ENDOWMENT AND COMMUNITY-BASED RESEARCH ON REPRODUCTIVE HEALTH AND WOMEN'S EMPOWERMENT
LATIN AMERICAN FACULTY OF SOCIAL SCIENCES	ECUADOR	1993-1995	\$1,000,000	INSTITUTIONAL AND ENDOWMENT SUPPORT FOR AN ANDEAN SCHOOL OF ADVANCED SOCIAL SCIENCES (ECUADOR)
THE LATIN AMERICAN STUDIES ASSOCIATION, INC.	PENNSYLVANIA	1999-2004	\$2,000,000	SUPPORT TO BUILD AN ENDOWMENT FUND
THE MAHATMA GANDHI MEMORIAL COLLEGE TRUST, UDUPI	INDIA	1990-2000	\$150,000	ENDOWMENT SUPPORT
MANCHESTER BIDWELL DEVELOPMENT TRUST	PENNSYLVANIA	1999-2004	\$500,000	SUPPORT TO ESTABLISH AN ENDOWMENT
THE MAPLE WOMEN'S PSYCHOLOGICAL COUNSELING CENTER	CHINA	1997-2001	\$310,000	START-UP ENDOWMENT AND SUPPORT FOR A WOMEN'S HOTLINE SERVICE AND TRAINING FOR HOTLINE COUNSELORS

GRANTEE	LOCATION	PERIOD	AMOUNT	PURPOSE
MEDIA CENTER FOR DEVELOPMENT FOUNDATION	THAILAND	1998-2003	\$400,000	TIE-OFF SUPPORT FOR THAI NGO PARTNER, TO PARTIALLY FUND OPERATING COSTS
MISSISSIPPI ACTION FOR COMMUNITY EDUCATION, INC.	MISSISSIPPI	1997-2000	\$1,200,000	OPERATING AND CAPITAL SUPPORT
MOZHI: A TRUST FOR RESOURCE DEVELOPMENT IN LANGUAGE AND CULTURE	INDIA	1998-2001	\$200,000	TIE-OFF ENDOWMENT SUPPORT FOR A RESOURCE CENTER FOR TAMIL LANGUAGE AND CULTURE
MS. FOUNDATION FOR WOMEN, INC.	NEW YORK	1993-1998	\$4,500,000	SUPPORT FOR AN ENDOWMENT CAMPAIGN
M.S. SWAMINATHAN RESEARCH FOUNDATION	INDIA	1999-2005	\$2,000,000	ENDOWMENT SUPPORT
NATIONAL COUNCIL OF APPLIED ECONOMIC RESEARCH	INDIA	1993-1998	\$250,000	ENDOWMENT SUPPORT FOR INDIAN ECONOMIC RESEARCH INSTITUTIONS
NATIONAL FOUNDATION FOR INDIA	INDIA	1995-2000	\$3,000,000	ENDOWMENT SUPPORT FOR NEW PROFESSIONAL GRANTMAKING FOUNDATION
NATIONAL URBAN LEAGUE, INC.	NEW YORK	1999-2004	\$3,000,000	SUPPORT FOR AN ENDOWMENT CAMPAIGN THAT WOULD HELP SUSTAIN MAJOR INSTITUTIONAL REFORMS AND STRENGTHEN PROGRAMS IN EDUCATION AND YOUTH DEVELOPMENT, ECONOMIC SELF-SUFFICIENCY, AND RACE RELATIONS
NATIVE AMERICAN RIGHTS FUND, INC.	COLORADO	1991-1996	\$1,000,000	SUPPORT FOR A PERMANENT DEVELOPMENT FUND FOR PROGRAMS
NEHRU FOUNDATION FOR DEVELOPMENT	INDIA	1998-2000	\$300,000	SUPPORT FOR AN ENDOWMENT
TRUSTEES OF THE PRESS FOUNDATION OF ASIA, INC.	PHILIPPINES	1992-1996	\$250,000	ENDOWMENT SUPPORT
PROFESSIONAL ASSISTANCE FOR DEVELOPMENT ACTION	INDIA	1989-2001	\$880,000	SUPPLEMENTAL CONTRIBUTION TO ENDOWMENT FUND
PUBLIC AFFAIRS CENTRE	INDIA	1995-2001	\$450,000	SUPPLEMENTAL SUPPORT FOR A CENTER DEDICATED TO PROMOTING PUBLIC ACCOUNTABILITY AND GOOD GOVERNANCE
PUBLIC EDUCATION NETWORK	DISTRICT OF COLUMBIA	1990-1993	\$500,000	SUPPORT TO ENABLE THE PUBLIC EDUCATION FUND NETWORK TO BECOME A PERMANENT, PARTIALLY SELF-SUSTAINING NATIONAL ORGANIZATION.
PUBLIC/PRIVATE VENTURES	PENNSYLVANIA	1998-2003	\$4,000,000	ENDOWMENT GRANT
PUERTO RICO COMMUNITY FOUNDATION, INC.	PUERTO RICO	1989-1994	\$5,000,000	ENDOWMENT SUPPORT
THE RAND CORPORATION	CALIFORNIA	1999-2003	\$1,000,000	ENDOWMENT GRANT FOR THE RAND CORPORATION
THE RAND CORPORATION	CALIFORNIA	1999-2003	\$1,000,000	ENDOWMENT GRANT FOR THE RAND GRADUATE SCHOOL OF POLICY STUDIES
SACHED TRUST	SOUTH AFRICA	1990-1994	\$1,000,000	SUPPORT FOR KHANYA COLLEGE, A "BRIDGING" INSTITUTION FROM SECONDARY TO UNIVERSITY EDUCATION FOR BLACK SOUTH AFRICANS

GRANTEE	LOCATION	PERIOD	AMOUNT	PURPOSE
SAMVAAD FOUNDATION	INDIA	1994-1999	\$150,000	ENDOWMENT SUPPORT
SELF-EMPLOYED WOMEN'S ASSOCIATION, MITHILA	INDIA	1991-1996	\$18,000	TO PROVIDE FINANCIAL STABILITY BY CREATING A SMALL CAPITAL FUND
SOCIETY OF HILL RESOURCE MANAGEMENT SCHOOL	INDIA	1992-2000	\$456,000	SUPPORT FOR A CORPUS FUND AND INNOVATIVE WORK ON COMMUNITY-BASED NATURAL RESOURCE MANAGEMENT IN BIHAR
SOUTHERN AFRICA LEGAL SERVICES AND LEGAL EDUCATION PROJECT, INC.	DISTRICT OF COLUMBIA	1994-1999	\$1,000,000	FINAL GENERAL SUPPORT FOR THE LEGAL RESOURCES CENTRE OF SOUTH AFRICA
SOUTHERN AFRICA LEGAL SERVICES AND LEGAL EDUCATION PROJECT, INC.	DISTRICT OF COLUMBIA	1995-1999	\$1,009,000	FINAL GENERAL SUPPORT AND SUPPORT FOR A FOLLOW-UP EVALUATION AT THE LEGAL ASSISTANCE CENTRE OF NAMIBIA
UNITED NATIONS ASSOCIATION OF THE UNITED STATES OF AMERICA, INC.	NEW YORK	1997-2000	\$2,500,000	FINAL SUPPORT FOR MEMBERSHIP AND EDUCATION ACTIVITIES, FINANCIAL STABILIZATION, AND A CASH RESERVE FUND AND ENDOWMENT
UNIVERSITY OF THE WEST INDIES	JAMAICA	1992-2002	\$915,000	SUPPORT FOR A UNIVERSITY ENDOWMENT CAMPAIGN
THE URBAN INSTITUTE	DISTRICT OF COLUMBIA	1994-1998	\$7,000,000	ENDOWMENT SUPPORT
WELLESLEY COLLEGE	MASSACHUSETTS	1998-2000	\$250,000	ENDOWMENT SUPPORT FOR THE WELLESLEY CENTERS FOR WOMEN
WEST AFRICA RURAL FOUNDATION	SENEGAL	1999-2004	\$2,000,000	ENDOWMENT SUPPORT
THE WOODROW WILSON NATIONAL FELLOWSHIP FOUNDATION	NEW JERSEY	1999-2003	\$250,000	ENDOWMENT SUPPORT FOR THE WOMEN'S STUDIES PROGRAM
UNIVERSITY OF ZIMBABWE	ZIMBABWE	1996-2000	\$500,000	RESEARCH TRAINING, STAFF DEVELOPMENT AND AN ENDOWMENT FUND

2: Special Purpose Endowment grants

GRANTEE	LOCATION	PERIOD	AMOUNT	PURPOSE
AFRICAN STUDIES ASSOCIATION, INC.	GEORGIA	1992-1994	\$150,000	PARTIAL SUPPORT FOR AN ENDOWMENT TO FUND AFRICAN VISITORS TO THE ASSOCIATION'S ANNUAL MEETINGS
AFRICARE	DISTRICT OF COLUMBIA	1991-1996	\$2,000,000	ENDOWMENT TO SUPPORT DEVELOPMENT AND RELIEF PROGRAMS IN AFRICA, AFRICA-RELATED EDUCATION AND INTERNSHIPS PROGRAMS, & INST. DEVELOPMT
AMERICAN CIVIL LIBERTIES UNION FOUNDATION, INC.	NEW YORK	1997-1999	\$650,000	CAPACITY-BUILDING INITIATIVE
AMERICAN COUNCIL OF LEARNED SOCIETIES DEVOTED TO HUMANISTIC STUDIES	NEW YORK	1998-2002	\$4,000,000	ENDOWMENT GRANT FOR THE ACLS FELLOWSHIP PROGRAM

GRANTEE	LOCATION	PERIOD	AMOUNT	PURPOSE
AMERICAN INDIAN COLLEGE FUND	NEW YORK	2000-2000	\$300,000	CORE SUPPORT FOR EFFORTS TO BUILD A FUND FOR CULTURAL PRESERVATION AND PERPETUATION TO BENEFIT A CONSORTIUM OF THIRTY NATIVE-AMERICAN TRIBAL COLLEGES
THE ASIA SOCIETY, INC.	NEW YORK	1999-2004	\$2,000,000	SUPPORT FOR AN ENDOWMENT FOR A NEW INITIATIVE TO EDUCATE AMERICANS ABOUT ASIAN SOCIAL-POLICY ISSUES AND INNOVATIONS
ASIAN INSTITUTE OF MANAGEMENT, INC.	PHILIPPINES	1999-2004	\$600,000	REGIONAL SUPPORT FOR TRAINING, RESEARCH, AND POLICY ADVISORY ACTIVITIES OF THE ASIAN CENTER FOR CORPORATE SOCIAL RESPONSIBILITY
ASSOCIATION OF AFRICAN UNIVERSITIES	GHANA	1992-1996	\$595,200	SUPPORT FOR MANAGEMENT IMPROVEMENTS AND A UNIVERSITY STAFF EXCHANGE PROGRAM
THE AUSTRALIAN NATIONAL UNIVERSITY	AUSTRALIA	1999-2002	\$300,000	SUPPORT FOR THE PACIFIC AREA FORUM ON TRADE AND DEVELOPMENT (PAFTAD) TO BROADEN AND DEEPEN THE ASIA PACIFIC ECONOMIC COOPERATION (APEC)
BANGLADESH INSTITUTE OF LAW AND INTERNATIONAL AFFAIRS	BANGLADESH	1994-1997	\$190,000	SUPPORT FOR THE INSTITUTE
THE BROOKLYN ACADEMY OF MUSIC, INC.	NEW YORK	1997-2002	\$1,000,000	TO STRENGTHEN THE FINANCIAL CAPACITY OF A LEADING CULTURAL INSTITUTION
CENTRE FOR POLICY RESEARCH	INDIA	1999-2002	\$200,000	ENDOWMENT SUPPORT FOR NON-OFFICIAL DIALOGUES IN SOUTH AND EAST ASIA
THE CONCORD BAPTIST CHURCH OF CHRIST	NEW YORK	1990-1991	\$10,000	SUPPORT OF CONCORD BAPTIST CHURCH'S ENDOWMENT FUND TO MAKE GRANTS TO COMMUNITY SOCIAL SERVICE ORGANIZATIONS
COUNCIL ON FOREIGN RELATIONS, INC.	NEW YORK	1991-1999	\$2,000,000	ENDOWMENT AND SUPPORT FOR THE INTERNATIONAL AFFAIRS FELLOWS PROGRAM OF THE COUNCIL ON FOREIGN RELATIONS
DANCE THEATRE OF HARLEM, INC.	NEW YORK	1997-2002	\$1,040,000	TO STRENGTHEN THE FINANCIAL CAPACITY OF A LEADING CULTURAL INSTITUTION
UNIVERSITY OF FLORIDA FOUNDATION, INC.	FLORIDA	1999-2004	\$2,000,000	ENDOWMENT FUNDING FOR FELLOWSHIPS AND RESEARCH GRANTS FOR SCHOLARS AND RESEARCHERS FROM LATIN AMERICA AND THE CARIBBEAN TO STUDY IN THE TROPICAL CONSERVATION AND DEVELOPMENT PROGRAM
FUNDACION PARA LA EDUCACION SUPERIOR Y EL DESARROLLO	COLOMBIA	1991-1993	\$160,000	ENDOWMENT FUND TO PROMOTE SOCIAL INDICATORS AND POVERTY POLICY RESEARCH AND DEBATE

GRANTEE	LOCATION	PERIOD	AMOUNT	PURPOSE
FUNDACION PARA EDUCACION SUPERIOR	COLOMBIA	1991-2001	\$500,000	SUPPORT FOR AN ENDOWED SCHOLARSHIP FUND FOR COLOMBIAN STUDENTS ADMITTED TO HARVARD UNIVERSITY DEGREE PROGRAMS
PRESIDENT AND FELLOWS OF HARVARD COLLEGE	MASSACHUSETTS	1997-1999	\$485,000	ENDOWMENT SUPPORT FOR THE FELLOWS PROGRAM OF THE W.E.B. DU BOIS INSTITUTE
INDIAN INSTITUTE OF BIO-SOCIAL RESEARCH AND DEVELOPMENT	INDIA	1995-2002	\$200,000	SUPPLEMENTAL ENDOWMENT SUPPORT
INSTITUTE FOR TRAINING AND SUPPORTING SOCIAL DEVELOPMENT WEST KALIMANTAN BRANCH BOARD--INSTITUTE OF DAYAKOLOGY RESEARCH	INDONESIA	1993-1999	\$481,000	ORAL TRADITIONS DOCUMENTATION, TRAINING AND PUBLICATIONS IN WEST KALIMANTAN, INDONESIA
INTERNATIONAL CENTRE FOR ETHNIC STUDIES	SRI LANKA	1991-1994	\$175,000	ENDOWMENT SUPPORT FOR POLICY RESEARCH PROGRAMS DEDICATED TO UNDERSTANDING AND RESOLVING ETHNIC CONFLICTS
THE MAPLE WOMEN'S PSYCHOLOGICAL COUNSELING CENTER	CHINA	1997-2001	\$310,000	START-UP ENDOWMENT AND SUPPORT FOR A WOMEN'S HOTLINE SERVICE AND TRAINING FOR HOTLINE COUNSELORS
COLLEGE OF MEXICO	MEXICO	1990-1995	\$500,000	ENDOWMENT OF AN ANNUAL RESEARCH AWARDS COMPETITION IN WOMEN'S STUDIES
NEW ISRAEL FUND	DISTRICT OF COLUMBIA	1997-2002	\$1,000,000	ENDOWMENT FUNDS TO SUPPORT CAPACITY-BUILDING ACTIVITIES FOR ISRAELI NONGOVERNMENTAL ORGANIZATIONS
NEW ISRAEL FUND	DISTRICT OF COLUMBIA	1997-2004	\$1,200,000	ENDOWMENT FUNDS TO SUPPORT CIVIL RIGHTS LITIGATION AND EDUCATION WITHIN ISRAEL
THE NEW YORK PUBLIC LIBRARY, ASTOR, LENOX AND TILDEN FOUNDATIONS	NEW YORK	1997-2002	\$1,000,000	TO STRENGTHEN THE FINANCIAL CAPACITY OF A LEADING CULTURAL INSTITUTION
THE NEW YORK PUBLIC LIBRARY, ASTOR, LENOX AND TILDEN FOUNDATIONS	NEW YORK	1998-2002	\$1,000,000	ENDOWMENT SUPPORT TO STRENGTHEN THE FINANCIAL CAPACITY OF A LEADING MINORITY CULTURAL INSTITUTION
PEABODY INSTITUTE OF THE CITY OF BALTIMORE	MARYLAND	1990-1995	\$150,000	ENDOWMENT FUND FOR SUPPLEMENTARY AID TO BLACK CONSERVATORY STUDENTS
RESEARCH AND POPULAR EDUCATION CENTER (CINEP)	COLOMBIA	1999-2001	\$634,000	SUPPLEMENTARY INSTITUTIONAL SUPPORT TO STRENGTHEN HUMAN RIGHTS ADVOCACY AND RESEARCH FOR COMMUNITY DEVELOPMENT
RURAL FINANCE FACILITY	SOUTH AFRICA	1994-2000	\$320,000	TO SUPPORT THE EXPANSION OF A MICROFINANCE INSTITUTION SERVING BLACK SOUTH AFRICANS
SOCIETY FOR EDUCATION, ACTION AND RESEARCH IN COMMUNITY HEALTH	INDIA	1999-2002	\$500,000	ENDOWMENT GRANT TO ADDRESS REPRODUCTIVE HEALTH ISSUES IN GADCHIROLI DISTRICT OF MAHARASHTRA

GRANTEE	LOCATION	PERIOD	AMOUNT	PURPOSE
SPANISH THEATRE REPERTORY CO., LTD.	NEW YORK	1999-2004	\$1,000,000	SUPPORT TO ESTABLISH AN ENDOWED FUND FOR ARTISTIC DEVELOPMENT
THE STUDIO MUSEUM IN HARLEM, INC.	NEW YORK	1997-2002	\$1,000,000	TO STRENGTHEN THE FINANCIAL CAPACITY OF A LEADING CULTURAL INSTITUTION
VASSAR COLLEGE	NEW YORK	1988-1997	\$918,855	SUPPORT FOR THE "EXPLORING TRANSFER" PROGRAM AND THE PROGRAM'S ENDOWMENT FUND

3: Endowment-like grants: Capital Depletion Grants

GRANTEE	LOCATION	PERIOD	AMOUNT	PURPOSE
THE ASPEN INSTITUTE, INC.	DISTRICT OF COLUMBIA	2000-2006	\$3,500,000	CAPITAL DEPLETION GRANT TO PROVIDE MULTI-YEAR SUPPORT FOR THE NATIONAL RESEARCH AWARDS PROGRAM OF THE NONPROFIT SECTOR RESEARCH FUND

4: Endowment-like grants: Working Capital Reserve Funds

GRANTEE	LOCATION	PERIOD	AMOUNT	PURPOSE
ARKANSAS ENTERPRISE GROUP	ARKANSAS	1996-2001	\$2,000,000	CAPITAL GRANT TO SUPPORT THE ACTIVITIES OF A LEADING COMMUNITY DEVELOPMENT FINANCE INSTITUTION
ARTS INTERNATIONAL, INC.	NEW YORK	1999-2004	\$500,000	SUPPORT TO ESTABLISH A RESTRICTED WORKING CAPITAL RESERVE
ASSOCIATION OF UNIVERSITY LEGAL AID INSTITUTIONS TRUST	SOUTH AFRICA	1998-2003	\$1,000,000	SUPPORT FOR THE ESTABLISHMENT OF AN INCOME-EARNING RESERVE FUND FOR CLINICAL LEGAL EDUCATION IN SOUTH AFRICA
THE ATLANTIC COUNCIL OF THE UNITED STATES, INC.	DISTRICT OF COLUMBIA	1989-1992	\$950,000	SUPPORT FOR THE ESTABLISHMENT OF A RESERVE FUND FOR PROGRAM PLANNING AND IMPLEMENTATION OF NEW PROJECTS
AVANCE, INC.	TEXAS	1999-2004	\$250,000	SUPPORT FOR A RESERVE FUND
AUTONOMY FOUNDATION	HUNGARY	1991-1996	\$765,500	SUPPORT FOR VOLUNTARY ORGANIZATIONS WORKING IN POVERTY, MINORITY RIGHTS AND SUSTAINABLE DEVELOPMENT FOR A RESERVE FUND
BALLET HISPANICO OF NEW YORK	NEW YORK	1999-2004	\$1,000,000	SUPPORT TO INCREASE MANAGERIAL STRENGTH, EXPAND AN EXISTING WORKING CAPITAL RESERVE, AND SEED AN ENDOWMENT
CENTER FOR LEGAL AND SOCIAL STUDIES (CELS)	ARGENTINA	1998-2000	\$750,000	CAPITAL FUND TO PURCHASE HEADQUARTERS TO PROMOTE JOINT EFFORTS BETWEEN TWO NGOs ON DEFENSE OF PUBLIC INTEREST ISSUES

GRANTEE	LOCATION	PERIOD	AMOUNT	PURPOSE
CHICANOS POR LA CAUSA, INC.	ARIZONA	1991-1998	\$3,000,000	TO ESTABLISH A PERMANENT ENDOWMENT FUND & A REVOLVING CASH RESERVE FUND TO ADDRESS TEMPORARY PROGRAM CASH FLOW SHORTAGES
CHICANOS POR LA CAUSA, INC.	ARIZONA	1995-1997	\$1,450,000	MATURE CDC RECAPITALIZATION INITIATIVE
CHILD CARE CAPITAL INVESTMENT FUND, INC.	MASSACHUSETTS	1991-1993	\$100,000	PARTIAL SUPPORT FOR ADMINISTRATIVE COSTS OF THE CAPITAL INVESTMENT FUND
COASTAL ENTERPRISES, INC.	MAINE	1997-2002	\$1,000,000	CAPITAL GRANT TO SUPPORT CEI'S WORKING FUND FOR EXPANDED ENTERPRISE DEVELOPMENT ACTIVITIES
COLOMBIAN COMMISSION OF JURISTS	COLOMBIA	1999-2001	\$300,000	CASH RESERVE FUND FOR CAPACITY-BUILDING
DANCE THEATRE FOUNDATION	NEW YORK	1997-2002	\$1,000,000	TO STRENGTHEN THE FINANCIAL CAPACITY OF A LEADING CULTURAL INSTITUTION
FEDERATION OF SOUTHERN COOPERATIVES/LAND ASSISTANCE FUND	ALABAMA	1997-2000	\$1,000,000	SUPPORT FOR ENDOWMENT, DEBT REDUCTION, MANAGEMENT STRENGTHENING, AND STRATEGIC PLANNING
FUNDUSZ POLNOCNY S.A. (NORTH FUND)	POLAND	1999-2008	\$200,000	PARTIAL CAPITALIZATION OF A NEW FUND TO PROMOTE JOB CREATION IN A LOW-INCOME REGION OF POLAND
UNIVERSITY OF INDONESIA	INDONESIA	1991-1996	\$350,000	CONTRIBUTION TO A CAPITAL FUND FOR THE CENTER FOR HEALTH RESEARCH
INSTITUTE FOR INTERNATIONAL ECONOMICS	DISTRICT OF COLUMBIA	1991-1996	\$2,500,000	GENERAL SUPPORT OR A CAPITAL FUND
INSTITUTE FOR INTERNATIONAL ECONOMICS	DISTRICT OF COLUMBIA		\$2,500,000	SUPPORT FOR A CAPITAL FUND
INSTITUTE OF INTERNATIONAL EDUCATION, INC.	NEW YORK	1995-	\$5,000,000	CAPITAL FUND CONTRIBUTION TO STRENGTHEN CAPACITY TO RESPOND TO NEW GEOGRAPHIC & PROGRAMMATIC DEVELOPMENTS IN INT'L EDUC. & EXCHANGE
INSTITUTE OF PERUVIAN STUDIES	PERU	1991-1996	\$500,000	SUPPORT TO ESTABLISH A CAPITAL FUND
INTER-AMERICAN INSTITUTE OF HUMAN RIGHTS	COSTA RICA	1991-1993	\$350,000	SUPPORT FOR A CAPITAL FUND TO BE ESTABLISHED BY THE INSTITUTE
INTERNATIONAL CENTER FOR RESEARCH ON WOMEN	DISTRICT OF COLUMBIA	1997-2002	\$1,000,000	TO HELP LAUNCH ICRW's CAPITAL RESERVE FUND
LATIN AMERICAN FACULTY OF SOCIAL SCIENCES(FLACSO)	EL SALVADOR	1990-1998	\$710,000	TO PURCHASE QUARTERS AND ESTABLISH A CAPITAL FUND
LAWYERS ALLIANCE FOR NEW YORK	NEW YORK	1990-1991	\$100,000	SUPPORT TO ESTABLISH AN OPERATING RESERVE FUND
MANCHESTER BIDWELL DEVELOPMENT TRUST	PENNSYLVANIA	1999-2004	\$600,000	SUPPORT TO ESTABLISH A RESTRICTED WORKING CAPITAL RESERVE

GRANTEE	LOCATION	PERIOD	AMOUNT	PURPOSE
MANPOWER DEMONSTRATION RESEARCH CORPORATION	NEW YORK	1993-1999	\$1,000,000	TO ESTABLISH A WORKING CAPITAL FUND TO ENABLE MDRC TO EXPLORE APPLICATIONS OF ITS EXPERTISE IN NEW AREAS OF HUMAN SERVICE
MANPOWER DEMONSTRATION RESEARCH CORPORATION	NEW YORK	1993-1999	\$3,500,000	SUPPORT FOR AN EDUCATIONAL CHALLENGE FUND FOR MDRC's EDUCATIONAL RESEARCH PROJECTS
MANPOWER DEMONSTRATION RESEARCH CORPORATION	NEW YORK	1998-2002	\$7,000,000	INVESTMENT FUND
MANPOWER DEMONSTRATION RESEARCH CORPORATION	NEW YORK	1998-2002	\$2,000,000	VENTURE FUND
THE MENDENHALL MINISTRIES, INC.	MISSISSIPPI	1995-1996	\$50,000	SUPPORT TO AUGMENT THE ORGANIZATION'S RESERVE FUND
MISSISSIPPI ACTION FOR COMMUNITY EDUCATION, INC.	MISSISSIPPI	1997-2000	\$1,200,000	OPERATING AND CAPITAL SUPPORT
NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE	MARYLAND	1993-1997	\$500,000	FOR SUPPORT OF A RESERVE FUND
NATIONAL CHARITIES INFORMATION BUREAU, INC.	NEW YORK	1999-2004	\$200,000	SUPPORT TO OVERCOME A BUDGET DEFICIT AND ASSIST IN THE ESTABLISHMENT OF A WORKING CAPITAL RESERVE FUND
NATIONAL FEDERATION OF COMMUNITY DEVELOPMENT CREDIT UNIONS	NEW YORK	1997-2007	\$2,000,000	SUPPORT FOR NCFDCU'S CAPITALIZATION PROGRAM
NATIONAL PUBLIC RADIO	DISTRICT OF COLUMBIA	1986-1996	\$2,000,000	SUPPLEMENTAL SUPPORT FOR THE SUSTAINING FUND FOR NEWS EXCELLENCE
NEW COMMUNITY CORPORATION	NEW JERSEY	1995-1997	\$2,200,000	SUPPORT FOR RECAPITALIZATION AND PRESERVATION OF PHYSICAL ASSETS
THE NEW YORK COMMUNITY TRUST	NEW YORK	1991-1993	\$300,000	SEED FUNDING TO HELP CAPITALIZE THE LATINO LEADERSHIP FUND, A FIELD OF INTEREST FUND WITHIN THE NEW YORK COMMUNITY TRUST
PUBLIC EDUCATION NETWORK	DISTRICT OF COLUMBIA	1997-2002	\$1,000,000	SUPPORT TO ESTABLISH A RESERVE FUND
PUBLIC/PRIVATE VENTURES	PENNSYLVANIA	1998-2003	\$3,500,000	JOINT VENTURE FUND
SELF-HELP VENTURES FUND	NORTH CAROLINA	1996-2001	\$2,000,000	CAPITAL GRANT TO SUPPORT THE ACTIVITIES OF A LEADING COMMUNITY DEVELOPMENT FINANCE INSTITUTION
SERVICE FOR UNPRIVILEGED SECTION OF SOCIETY	NEPAL	1991-1996	\$50,000	CONTRIBUTION TO CAPITAL FUND TO SUSTAIN LEGAL LITERACY ACTIVITIES IN NEPAL
SOUTHERN AFRICA LEGAL SERVICES AND LEGAL EDUCATION PROJECT, INC.	DISTRICT OF COLUMBIA	1996-2001	\$1,000,000	INCOME-EARNING CAPITAL RESERVE FUND
SPANISH-SPEAKING UNITY COUNCIL OF ALAMEDA COUNTY, INC.	CALIFORNIA	1994-1998	\$1,850,000	MATURE CDC RECAPITALIZATION INITIATIVE
THEATRE COMMUNICATIONS GROUP, INC.	NEW YORK	1991-1995	\$1,000,000	LEADERSHIP GRANT TO ESTABLISH PROGRAM RESERVE FUND

GRANTEE	LOCATION	PERIOD	AMOUNT	PURPOSE
UNITED NATIONS ASSOCIATION OF THE UNITED STATES OF AMERICA, INC.	NEW YORK	1997-2000	\$2,500,000	FINAL SUPPORT FOR MEMBERSHIP AND EDUCATION ACTIVITIES, FINANCIAL STABILIZATION, AND A CASH RESERVE FUND AND ENDOWMENT
UNIVERSITY OF CHILE	CHILE	1997-2001	\$1,300,000	SUPPLEMENTARY SUPPORT FOR A COMPETITIVE PUBLIC POLICY GRANT FUND PROMOTING SOCIAL POLICY ALTERNATIVES; AN EVALUATION AND PLANNING COMPONENT AND AN INITIAL CONTRIBUTION TO A SEED ENDOWMENT
YAYASAN PELITA ILMU	INDONESIA	1998-2003	\$550,000	CONTRIBUTION TO A CAPITAL FUND FOR THE COMMUNITY SUPPORT CENTER FOR PEOPLE WITH HIV/AIDS

5: Endowment-related grants: Feasibility studies

GRANTEE	LOCATION	PERIOD	AMOUNT	PURPOSE
AFRICAN CENTRE FOR TECHNOLOGY STUDIES LIMITED	KENYA	1998-2000	\$301,000	INSTITUTIONAL DEVELOPMENT AND PLANNING FOR AN ENDOWMENT FUND
AFRICAN ECONOMIC RESEARCH CONSORTIUM, INC.	KENYA	1998-2000	\$250,000	GENERAL SUPPORT AND PLANNING TO ESTABLISH AND MANAGE AN ENDOWMENT FUND
THE ARIAS FOUNDATION FOR PEACE AND HUMAN PROGRESS	COSTA RICA	1991-1993	\$300,000	SUPPORT FOR INSTITUTIONAL ENDOWMENT AND FORMULATION OF ECONOMIC DEVELOPMENT PROGRAM STRATEGY
THE ASSOCIATION FOR CIVIL RIGHTS IN ISRAEL	ISRAEL	1997-1999	\$100,000	SUPPORT FOR FUNDRAISING AND DEVELOPMENT STRATEGIC PLANNING
ASSOCIATION OF AFRICAN UNIVERSITIES	GHANA	1997-2001	\$1,150,000	SUPPLEMENTAL SUPPORT FOR CORE ACTIVITIES; PLANNING SUPPORT FOR QUALITY ASSURANCE AND ENDOWMENT ACTIVITIES; SUPPORT FOR PILOT PROJECT ON GRADUATE DISSERTATION DATABASE
BEDFORD STUYVESANT RESTORATION CORPORATION	NEW YORK	1992-1994	\$150,000	FUNDING TO HIRE AN ARCHITECT/ENGINEER TO IMPLEMENT A CAPITAL IMPROVEMENT PLAN AND A CONSULTANT TO DEVELOP A FUND RAISING PROGRAM
BRIDGE HOUSING CORPORATION	CALIFORNIA		\$75,000	GRANT TO DESIGN AND IMPLEMENT A FIVE-YEAR CAPITALIZATION PROGRAM
CHICANOS POR LA CAUSA, INC.	ARIZONA	1995-1997	\$1,450,000	MATURE CDC RECAPITALIZATION INITIATIVE

GRANTEE	LOCATION	PERIOD	AMOUNT	PURPOSE
UNIVERSITY OF CHILE	CHILE	1997-2001	\$1,300,000	SUPPLEMENTARY SUPPORT FOR A COMPETITIVE PUBLIC POLICY GRANT FUND PROMOTING SOCIAL POLICY ALTERNATIVES; AN EVALUATION AND PLANNING COMPONENT AND AN INITIAL CONTRIBUTION TO A SEED ENDOWMENT
COUNCIL OF MICHIGAN FOUNDATIONS, INC.	MICHIGAN	1998-1999	\$20,000	SUPPORT FOR WRITING AND EDITING OF A PRIMER ON ENDOWMENT BUILDING FOR EMERGING FOUNDATIONS
C.R.E.A.T.E. (CHRISTIAN, RESEARCH, EDUCATION, ACTION, TECHNICAL ENTERPRISES, INC.)	MISSISSIPPI	1997-1999	\$75,000	SUPPORT TO IMPROVE RURAL OUTREACH AND ACCELERATE ENDOWMENT BUILDING
EAST TENNESSEE FOUNDATION	TENNESSEE	1997-1999	\$500,000	SUPPORT FOR RESEARCH AND PLANNING ACTIVITIES TO ESTABLISH A NEW ENDOWED FOUNDATION SERVING THE CENTRAL APPALACHIAN REGION
FEDERATION OF SOUTHERN COOPERATIVES/LAND ASSISTANCE FUND	ALABAMA	1997-2000	\$1,000,000	SUPPORT FOR ENDOWMENT, DEBT REDUCTION, MANAGEMENT STRENGTHENING, AND STRATEGIC PLANNING
GALING POOK FOUNDATION (INNOVATIONS AND EXCELLENCE IN LOCAL GOVERNANCE), INC.	PHILIPPINES	1999-2002	\$260,000	SUPPORT FOR A DEVELOPMENT OFFICE AND FUND-RAISING CAMPAIGN FOR THE GALING POOK FOUNDATION ENDOWMENT
INSTITUTE FOR COMMUNITY ECONOMICS	MASSACHUSETTS	1995-1997	\$50,000	SUPPORT TO OBTAIN CAPITAL CAMPAIGN EXPERTISE TO DEVELOP AND IMPLEMENT A STRATEGY TO INCREASE AND DIVERSIFY ICE'S CAPITAL BASE
INTERNATIONAL CENTRE FOR DIARRHOEAL DISEASE RESEARCH, BANGLADESH	BANGLADESH	1993-1994	\$49,500	SUPPORT FOR A PROFESSIONAL ASSESSMENT OF THE FEASIBILITY OF LAUNCHING AN INTERNATIONAL ENDOWMENT CAMPAIGN FOR THE ICDDR,B
LAWYERS' COMMITTEE FOR CIVIL RIGHTS UNDER LAW	DISTRICT OF COLUMBIA	1988-1998	\$4,891,000	SUPPLEMENTAL GENERAL SUPPORT, & PROJECT SUPPORT IN AREAS OF VOTING RIGHTS, ENVIRONMENTAL JUSTICE AND COMMUNITY ECONOMIC DEVELOPMENT
LEGAL RESOURCES FOUNDATION	ZIMBABWE	1996-1996	\$14,475	STUDY VISIT TO THE UNITED STATES TO IDENTIFY INVESTMENT STRATEGIES FOR THE PROPOSED ENDOWMENT FUND
MEXICAN ASSOCIATION FOR WOMEN'S RIGHTS	MEXICO	1992-1994	\$70,000	SUPPORT FOR CAPITAL CAMPAIGN AND STRATEGIC PLANNING FOR A WOMEN'S FUND
MS. FOUNDATION FOR WOMEN, INC.	NEW YORK	1993-1994	\$45,000	SUPPORT FOR AN ENDOWMENT FEASIBILITY STUDY
ON PURPOSE ASSOCIATES	MICHIGAN	1998-2000	\$174,000	SUPPORT FOR BUSINESS PLAN DEVELOPMENT FOR THE NATURAL CAPITAL FUND

GRANTEE	LOCATION	PERIOD	AMOUNT	PURPOSE
PUBLIC INTEREST PROJECTS	NEW YORK	1996-1997	\$29,500	SUPPORT TO DEVELOP A FUNDERS' WORKING GROUP TO UNDERSTAND AND PROMOTE CONSERVATION-BASED DEVELOPMENT
JACKIE ROBINSON FOUNDATION, INC.	NEW YORK	1990-1990	\$75,000	SUPPORT FOR THE DEVELOPMENT OF AN ENDOWMENT CAMPAIGN AND ENHANCED COMPUTER CAPACITY
STATE OF UTAH	UTAH	1995-1996	\$20,000	SUPPORT TO ENHANCE THE EFFECTIVENESS AND BROADEN THE IMPACT OF THE UTAH ARTS ENDOWMENT FUND PROGRAM

6: Endowment-related grants: Capital campaign support

GRANTEE	LOCATION	PERIOD	AMOUNT	PURPOSE
BIRZEIT UNIVERSITY	WEST BANK	2000-2002	\$260,000	SEED FUNDING FOR A NEW FUNDRAISING AND ENDOWMENT MANAGEMENT UNIT IN THE UNIVERSITY'S ADMINISTRATION
CONSORTIUM FOR THE NATIONAL EQUAL JUSTICE LIBRARY	ILLINOIS	1996-1997	\$50,000	SUPPORT FUNDRAISING ACTIVITIES TO CREATE NATIONAL LIBRARY TO PRESERVE AMERICA'S HISTORY RELATING TO LEGAL REPRESENTATION OF THE POOR
FIRST NATIONS DEVELOPMENT INSTITUTE	VIRGINIA	1998-2001	\$600,000	TO STRENGTHEN COMMUNICATIONS AND LAUNCH AN ENDOWMENT CAMPAIGN
GALING POOK FOUNDATION (INNOVATIONS AND EXCELLENCE IN LOCAL GOVERNANCE), INC.	PHILIPPINES	1999-2002	\$260,000	SUPPORT FOR A DEVELOPMENT OFFICE AND FUND-RAISING CAMPAIGN FOR THE GALING POOK FOUNDATION ENDOWMENT
INTER-AMERICAN DIALOGUE	DISTRICT OF COLUMBIA	1999-2000	\$25,000	SUPPORT FOR A CAPITAL CAMPAIGN
INTERNATIONAL CENTRE FOR DIARRHOEAL DISEASE RESEARCH, BANGLADESH	BANGLADESH	1994-1995	\$126,500	SUPPORT FOR ENDOWMENT CAMPAIGN
INTERNATIONAL INSTITUTE FOR STRATEGIC STUDIES	ENGLAND (U.K.)	1998-1999	\$100,000	ONE-TIME SUPPORT OF COSTS RELATED TO A CAPITAL CAMPAIGN
MALDEF PROPERTY MANAGEMENT CORPORATION	CALIFORNIA	1994-1996	\$100,000	PROJECT SUPPORT FOR CAPITAL CAMPAIGN FUNDRAISING ACTIVITIES
MEXICAN AMERICAN LEGAL DEFENSE AND EDUCATIONAL FUND	CALIFORNIA	1991-1993	\$200,000	SUPPORT TO CONDUCT A CAPITAL CAMPAIGN
MEXICAN ASSOCIATION FOR WOMEN'S RIGHTS	MEXICO	1992-1994	\$70,000	SUPPORT FOR CAPITAL CAMPAIGN AND STRATEGIC PLANNING FOR A WOMEN'S FUND
NATIONAL COUNCIL OF NEGRO WOMEN, INC.	DISTRICT OF COLUMBIA	1995-1996	\$75,000	FOR EXPENSES ASSOCIATED WITH THE RETENTION OF FUNDRAISING CONSULTANTS TO AID IN IMPLEMENTATION OF CAPITAL CAMPAIGN

GRANTEE	LOCATION	PERIOD	AMOUNT	PURPOSE
THE NATIONAL MUSEUM OF WOMEN IN THE ARTS INC.	DISTRICT OF COLUMBIA	1997-1999	\$75,000	SUPPORT FOR RESEARCH AND PUBLIC EDUCATION MATERIALS RELATED TO A NATIONAL ENDOWMENT CAMPAIGN
NATIVE AMERICAN RIGHTS FUND, INC.	COLORADO	1991-1992	\$12,000	PRINTING OF CAPITAL CAMPAIGN MATERIALS
PHILIPPINE CENTER FOR INVESTIGATIVE JOURNALISM, INC.	PHILIPPINES	1997-2001	\$417,000	SUPPORT FOR INVESTIGATIVE REPORTING, TRAINING AND PUBLICATION OF REFERENCE MATERIALS FOR JOURNALISTS, AND A CAMPAIGN TO RAISE CONTRIBUTIONS TO AN ENDOWMENT FUND