



Endowments and Foundations

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Endowment

- ▶ Donor gift/bequest of funds or property
- ▶ Donor requires principal/corpus of the gift to be held in perpetuity or for a specified term

Foundation

- ▶ A separate, legal non-profit entity with funds and programs managed by its own trustees or directors.
- ▶ Established to maintain or aid religious or other charitable activities.

Endowment Fund

- ▶ Establish a special fund – “Endowment Fund” - through a corporate resolution.
- ▶ Follow guidelines – *Resource Manual* pp. 12, 13.
- ▶ Forward to Bishop for his approval.

Corporate Resolution

- ▶ Purpose of fund: (examples)
 - Scholarships
 - Charitable/Religious church program
 - General support of school
- ▶ Fund administration details

Administration Details

- ▶ Solicitation plan for contributions
- ▶ Separate investment account (e.g., CFSWI)
- ▶ Distributions details

Administration Details

- ▶ If school endowment, state no contributions in lieu of tuition.

Distributions

- ▶ Income only
- ▶ Use of principal, if applicable
- ▶ Timing of payments
- ▶ State withdrawal rate – %
- ▶ Balance to which rate is applied
 - E.g., prior yr., prior 3 yr. average

Distributions (con't)

- ▶ Board must directly authorize distributions.
- ▶ If an Advisory Committee may make recommendations on fund administration.

Advisory Committee

- ▶ State committee's name
- ▶ State names of members
- ▶ Member selection process
- ▶ Method of operation

Authority of Board

- ▶ To make amendments to resolution
- ▶ When fund no longer needed
- ▶ Dissolution of fund
- ▶ Use of dissolved funds

Accounting Entries

- ▶ Endowment Assets: Identify as special or designated fund on the Statement of Financial Position

Accounting Entries

- ▶ Recording income and expenses:
 - Fund 1: Parish Endowments
 - Fund 2: School Endowments

 - Fund 4: Parish Foundations
 - Fund 5: School Foundations

Accounting Entries

- ▶ **Donations:** Record as “Foundation” Income (420007)
- ▶ **Distributions:** Record in Other Expenses (700040).

Accounting Entries

- ▶ When Investment Income is **Reinvested**:
 - JE for interest and dividend income:
 - **Debit** the investment account
 - **Credit** Investment Income (420012)

Accounting Entries

- ▶ When Investment Income **Reinvested**:
 - JE for realized and unrealized gain/loss:
 - Debit/credit Investment account
 - Credit/debit Capital Gain/Loss (420013)

Accounting Entries

- ▶ Investment income **used for operations:**
 - JE for interest and dividend income:
 - **Debit** the Investment account
 - **Credit** Interest Income (410004)

Accounting Entries

- ▶ Investment income **used for operations:**
 - JE for realized/unrealized gains/losses:
 - Debit/credit Investment account
 - Credit/debit Capital Gain/Loss (410013)

Questions

