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Bonus Edition

The Advocacy Foundation Endowments Initiative

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James 1:17-27 (RSV)

¹⁷ Every good endowment and every perfect gift is from above, coming down from the Father of lights with whom there is no variation or shadow due to change. ¹⁸ Of his own will he brought us forth by the word of truth that we should be a kind of first fruits of his creatures. ¹⁹ Know this, my beloved brethren. Let every man be quick to hear, slow to speak, slow to anger, ²⁰ for the anger of man does not work the righteousness of God. ²¹ Therefore put away all filthiness and rank growth of wickedness and receive with meekness the implanted word, which is able to save your souls. ²² But be doers of the word, and not hearers only, deceiving yourselves. ²³ For if any one is a hearer of the word and not a doer, he is like a man who observes his natural face in a mirror; ²⁴ for he observes himself and goes away and at once forgets what he was like. ²⁵ But he who looks into the perfect law, the law of liberty, and perseveres, being no hearer that forgets but a doer that acts, he shall be blessed in his doing. ²⁶ If any one thinks he is religious, and does not bridle his tongue but deceives his heart, this man's religion is vain. ²⁷ Religion that is pure and undefiled before God and the Father is this: to visit orphans and widows in their affliction, and to keep oneself unstained from the world.

The Purpose of An Endowment

A **financial endowment** is a donation of money or property to a not-for-profit organization for the ongoing support of that organization. Usually the endowment is structured so that the principal amount is kept intact while the investment income is available for use, or part of the principal is released each year, which allows for the donation to have an impact over a longer period than if it were spent all at once.

An endowment may come with stipulations regarding its usage. [The type of organization this applies to] is typically organized as a public charity, private foundation, or trust. Among other types of institutions that commonly manage endowments are academic institutions (e.g., colleges, universities, and private schools), cultural institutions (e.g., museums, libraries, theaters, and hospitals), and religious organizations.

[The] endowment is typically overseen by a board of trustees and managed by a trustee or team of professional managers. The financial operation of the endowment is typically designed to achieve [certain] stated objectives. Typically 4-6% of the endowment's assets are spent every year to fund operations or capital spending. This spending figure represents the proportion that historically could be spent without diminishing the principal amount of the endowment fund.

Types of Endowments

The types of available Endowments may include, but are by no means limited to, the following:

- True endowment funds are received from external donors with restriction that the principal or gift amount is to be retained in perpetuity and cannot be spent.
- Term endowment funds stipulate that all or part of the principal may be expended only after the expiration of a stated period of time or occurrence of a specified event, depending on donor wishes.
- Quasi endowment funds must retain the purpose and intent as specified by the donor or source of the original funds and earnings may be expended only for the specified purpose.

A quasi-endowment, or fund functioning as an endowment, are funds merely earmarked by an organization's governing board, rather than restricted by a donor or other outside agency, to be invested to provide income for a long but unspecified period, and the governing board has the right to decide at any time to expend the principal of such funds.

Separately from the endowment versus quasi-endowment distinction, there's another 2-way categorization of restricted and unrestricted, which focuses on the use of the funds. As an example, a quasi-endowment might be restricted by the donor to supporting the tennis team; the use is restricted to one purpose, but the governing board could "invade principal" to support the tennis team.

The Return on Social Equity

Endowments generally do not provide the traditional "returns on investment" (ROI) demanded by Marketplace Investors. Rather, they provide a means for intangibles like "Goodwill", and Name Recognition for Community Support by individuals and organizations, the significance of which will depend upon the size of their donation(s), any restrictions placed on them, etc.

Many college and university endowments have come under fire in recent years for practices such as investing in fossil fuels, "land grabs" in poor countries and high-risk, high-return investment practices that led to the financial crisis.

http://en.wikipedia.org/wiki/Financial_endowment

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Always feel welcome to contact us directly with any questions, comments, or great ideas!

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*Helping Individuals, Organizations & Communities
Achieve Their Full Potential*

Our Mission

The Mission of The Advocacy Foundation
is Threefold:

To Rescue

Young persons from the prison pipeline
and help redirect and restore their lives;

To Teach

New and fledgling nonprofit organizations to become
fundable, to thrive, and to maintain compliance;

To Train

Qualified Juvenile Justice Professionals with a passion
for effective careers in the Juvenile Justice system.

PREPARING INDIVIDUALS, ORGANIZATIONS
& COMMUNITIES TO ACHIEVE THEIR FULL POTENTIAL