



# The College on Problems of Drug Dependence

## Endowment Policy

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#### **I. DEFINITION OF TERMS**

- A. Endowment – An endowment is an established fund of cash, securities, or other assets set aside for perpetuity to provide long-term funding for CPDD. All endowment policies will be accompanied by an endowment agreement signed by both the donor(s) and the Board Chair.
- B. Types of Endowment Funds - CPDD Endowment Funds will be established by the organization, and include the following:
  - a. Restricted Endowment Funds Donors who make outright gifts of \$50,000 or more are afforded the right to permanently name a designated fund. With a minimum outright gift of \$50,000, a donor's endowment gift can be made to a previously established Named Fund or can be restricted to support a specific program of the organization.

#### **II. TYPES OF GIFTS**

- A. Outright Gifts – These are gifts offered to the CPDD by an individual, corporation, or foundation and include the following:
  - a. Cash, Cash Equivalent and/or a written Cash Pledge (usually paid over a two to five-year period)
  - b. Stocks: publicly traded, closely held, restricted or other types of stock subject to approval of the Board of Directors
  - c. Bonds
  - d. Mutual Funds
- B. Estate/Planned Gifts – Types of estate/planned gifts are as follows:
  - a. Bequests – Wills and Living Trusts
  - b. Retirement Plans: IRAs, 401(K), 403(B),
  - c. Charitable Remainder Trusts
  - d. Charitable Lead Trusts
  - e. Life Insurance

#### **III. DONOR RECOGNITION FOR ENDOWMENTS**

- A. Overall Recognition Policy
  - a. Donors will be thanked promptly in a meaningful way. CPDD may establish a legacy society with a prominent recognition program.
- B. Other Recognition Considerations
  - a. A gift made to establish a Donor-Named Restricted Endowment Fund may be paid within the year of the gift or with a binding obligation in the form of a signed CPDD endowment pledge usually not to exceed five years.
  - b. For multi-year pledges, 20% of the full commitment needs to be paid before the donor's name is recognized appropriately.
  - c. Should a donor not fulfill the pledge amount one year after the final payment is due, the fund will then become part of an unrestricted donation for an area of the greatest need.

#### IV. GIFT ACCEPTANCE

- A. The Board of CPDD has the authority to accept gifts of cash, stock, bonds and other securities, including certain private and restricted stock.
- B. A named fund, either unrestricted or restricted, must be approved by the Board of Directors of the College.
- C. Gifts of real estate, insurance, charitable trusts are considered by the Executive Committee in consultation as needed on a case-by-case basis.
- D. CPDD will not accept a gift that obligates the organization to continue a program that will become a financial burden or is inconsistent with its mission. If at any time, the Restricted Endowment becomes obsolete, the Board of Directors may designate another purpose, with donor consent.
- E. If any asset proposed for contribution is not readily marketable, other than those with a short-term restriction, or is in the process of being removed, or is subject to liabilities, the Executive Director will consult with the Board for disposition.
- F. Upon receipt of a gift and/or any gift-related documents, CPDD will record the gift and acknowledge the donor.

In addition, the following steps will be taken:

- A. A complete record of every individual donor's contributions will be maintained.
- B. Restricted gifts will be tracked and maintained by CPDD.
- C. Personal letters acknowledging all gifts and their conditions will be sent to donors within three days of receipt signed by the Board President and Executive Director.

#### V. MANAGEMENT AND INVESTMENT OF ENDOWMENT

The purpose of endowment funds is to provide consistent sources of income for the programs of the organization. The investment management of the Endowment is directed toward maximizing the return of principal while maintaining prudent fiscal guidelines.

The overall objectives of Endowment investment are as follows:

- A. Generation of a consistent and stable flow of income for ongoing operating and special programming purposes; and
- B. Appreciation and growth of Endowment for the long-term benefit of CPDD as well as to protect Endowment principal from erosion through inflation.

The management of the Endowment will be guided by the following:

- A. CPDD will develop specific investment guidelines that will include asset allocations, prohibited securities, performance measurement, etc.
- B. A long-term rather than short-term investment approach will be applied and must comply with CPDD investment policies.

- C. No more than 4% of a rolling average of the previous three years of the total market value of Endowment principal will be spent in any single fiscal year, in order to balance the effects of inflation as well as continue to build Endowment principal. The original principal balance will not be invaded.
- D. The principal will be placed into a permanently restricted fund and will never be used. Earnings from interest, dividends, capital appreciation will be placed into a temporarily restricted fund and will be used for the purpose of the endowment.

## **VI. CONFIDENTIALITY**

The needs and concerns of the Donor will be considered first.

- A. Protection of Donor's Interests: CPDD and its volunteer and staff representatives will always consider the interests of its donors as the first priority in the gift planning process. This will include, but not be limited to, the donor's financial situation and philanthropic interests, as well as any tax or other legal matters discovered by our representatives while planning for a gift.
- B. Confidentiality: Information learned by any representative of CPDD about a donor or the donor's assets or philanthropic intentions will be held in strict confidence. All donors will be encouraged to notify CPDD of their endowment gifts, whether outright or planned/estate gifts, including bequests, and all such information will be kept confidential unless permission to release it is obtained from the donor or his or her counsel.
- C. Donor Intent: If there should come a time that CPDD cannot use the funds of any endowment fund for the program for which the donor originally intended it, CPDD will work with the donor, or donor representative to mutually agree on how the funds will be used. Such decisions will be placed in writing.
- D. Use of Donors' Names: For marketing purposes, CPDD will obtain approval from each donor before gifts are made public.

## **VII. REVISION AND/OR DONOR AMENDMENT OF ENDOWMENT POLICY**

These policies will be periodically reviewed by the appropriate committee(s) and may be amended by a Board resolution.