

Potter Children's Foundation, Inc.

Endowment Fund

Endowment Fund – The capital that provides income for an institution.

An endowment fund contains gifts from donors of real property, investments, and cash. These gifts can be **restricted** or **unrestricted** by the donor.

A **restricted** gift is a gift from a donor where the donor has restricted the use of the gift for a specific purpose. For example a donor may give a gift and restrict its use for Christian education only. A restricted gift can only be used for the specific purpose the donor has requested or the donor can ask for the gift back.

An **unrestricted** gift is a gift from a donor where there is no restriction on how the gift is used. With an unrestricted gift the institution may use the gift as they see fit.

Potter Children's Foundation's sole purpose is to support the operations of Potter Children's Home & Family Ministries. The way it supports the home is by having an **endowment fund** that provides financial support for the operations of the home. The endowment fund, as it grows, will help insure that Potter Children's Home & Family Ministries has enough operating income to continue serving children and families in need for years to come.

The Potter Children's Foundation endowment fund is currently made up of **restricted** and **unrestricted** gifts from its donors. With all restricted gifts Potter Children's Foundation is required by law to follow the donor restrictions on how these gifts are to be used. On all unrestricted gifts the Potter Children's Foundation Board of Trustees have set up internal restrictions on there use.

The vast majority of gifts in the endowment fund have been restricted by the donors. For example, the largest portion of funds in the endowment fund came from property Potter Children's Home has sold over the past years. The property that was sold was donated to Potter Children's Home by the Potter Family and was restricted in its use to serving children and families in

need. Being a **restricted** gift, when the property was sold the cash from the sale has the same restrictions as the property. Any cash from the property sold must be used to purchase more property or build new buildings to serve children or families in need. Potter Children's Foundation must follow these restrictions on the funds it has received from the sale of the property. It is not allowed to use these funds for any other purpose. Other gifts in the endowment fund have donor restrictions for educational purposes and some are restricted so the initial gift can never be used but only the interest from the gift may be used.

The Potter Children's Foundation Board of Trustees understand the importance of having an endowment fund. They have created an investment and spending policy for the endowment fund that will ensure the fund will continue to support Potter Children's Home & Family Ministries well into the future. So God's justice and mercy will be delivered to children and families in need for years to come.