**Endowments** are permanent funds designed to grow over time through contributions and market returns, all the while generating annual distributions for grants and programs. Endowed funds are invested to give and grow in perpetuity, and are a resource for your organization now and in the future.

**Operating Reserves** are funds - usually cash or liquid assets - set aside to meet future costs or financial obligations, especially those arising unexpectedly. They can be used in any way management and the board choose, guided by an organization’s policy for reserve funds.
Over time, a fund’s annual spending – historically 5% of the three year, average fund balance – is typically less than the long term investment results.

This chart tells the story. Based upon actual investment results, an initial fund of $100,000 established in 1988 would have made distributions of $311,000 through 2017, AND it would have in place a fund balance of $301,000 as a reservoir for the future.