

# Endowment Guide

Your guide to investing in  
the future of children



The Children's Hospital  
Foundation



*For more information about endowments please contact Jennifer Darling, Vice  
President of Philanthropy at 720.777.1720 or [jdarling@tchfden.org](mailto:jdarling@tchfden.org).*

## The Children's Hospital Foundation Endowment Program



*Endowment donors at The Children's Hospital invest in one of the most precious commodities in any community; the future of children's healthcare.*

### What is an Endowment?

The Children's Hospital Foundation currently has five types of endowments, all of which help to ensure the continued excellence of Hospital programs by supplementing operating support and allowing innovative programs to grow and excel. When a donor invests in an endowment, the gift supports clinical programs, research, education, and advocacy in perpetuity.

### Types of Endowments

- **Endowed Chairs** may be established with a gift of \$2 million or more.
- **Endowed Directorships** may be established with a gift of \$1 million or more.
- **Endowed Professorships** may be established with a gift of \$500,000 or more.
- **Endowed Fellowships** may be established with a gift of \$500,000 or more.
- **Endowed Funds** may be established with a gift of \$50,000 or more.

### Why Are Endowments So Important?

- Endowments enhance Children's ability to **attract and retain** the nation's top medical researchers and world class physicians to care for the children of the Rocky Mountain Region and beyond.
- Endowments **recognize and promote excellence** in pediatric medicine and signify the Hospital's commitment to support that work.
- Endowments help **achieve breakthrough discoveries** through the teaching and research they help to support.
- When donors give to support an endowment, that gift is **preserved in perpetuity**. This ensures that your gift will thrive and grow far into the future impacting the lives of children today and many generations to come.

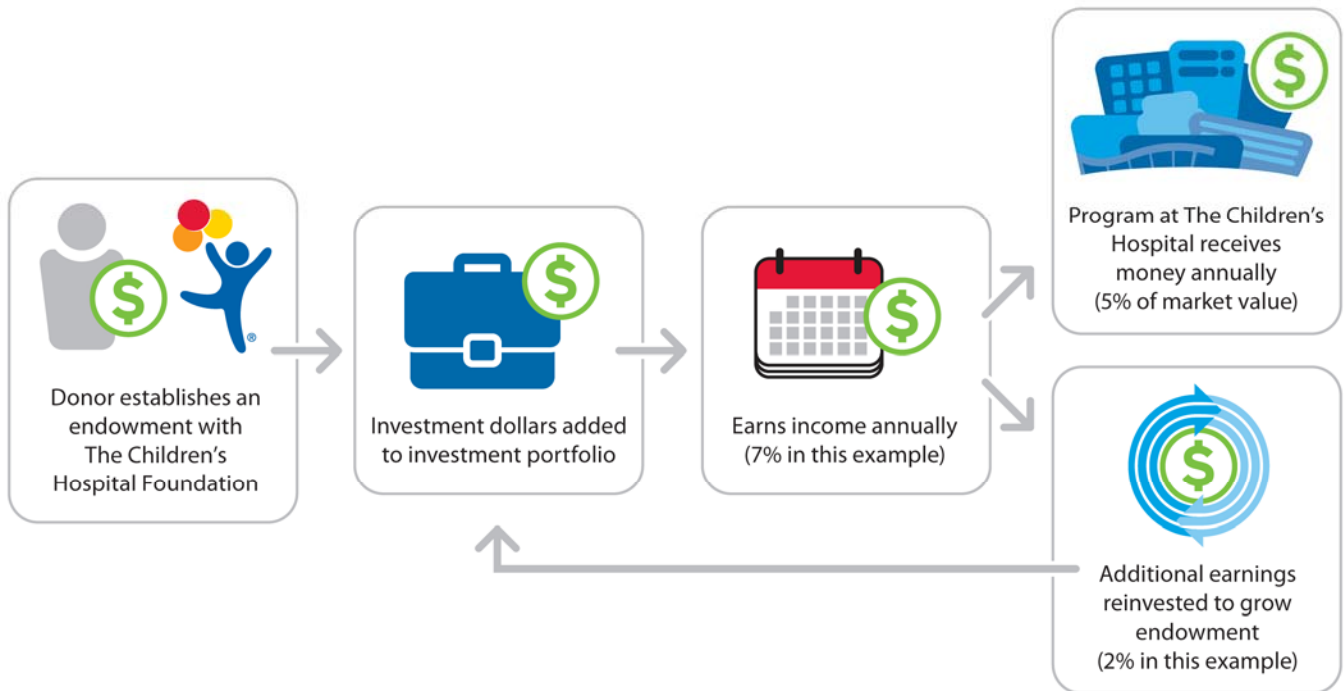
# The Children's Hospital Foundation Investment

## How Endowments Work?

Endowments are held by The Children's Hospital Foundation. When a gift to an endowment is received, it is invested for growth and income in a diversified portfolio and strategically managed by our Joint Investment Committee. Every year, the Foundation makes distributions to the Hospital from endowments. Each distribution is used according to the donor's intent as outlined in a formal agreement between the donor and the Foundation.

Funds earned from an endowment may support a program or salary, and are distributed to the Hospital annually in accordance with the policies established by The Children's Hospital Foundation. Currently, that amount is **5 percent** of the average fair market value (using a trailing 12 month average) of the endowment. Additional earnings of the endowment are returned to principal, ensuring growth and protection against inflation.

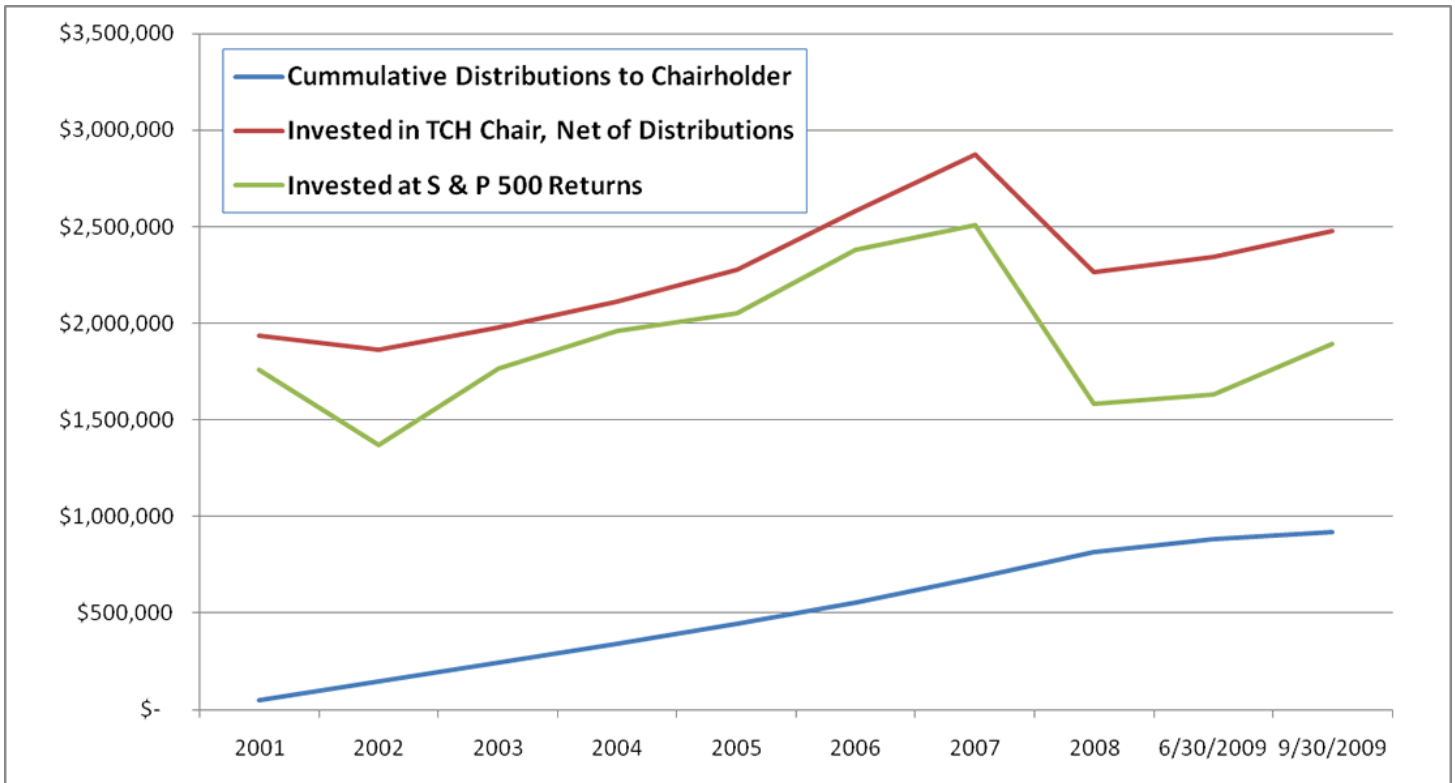
## Where Does My Investment Go?



# The Children's Hospital Foundation Investment

## Example of an Endowed Chair Investment Return

The graph below depicts the returns, as an example, if a donor invested \$2 million in the year 2000. The cumulative distributions to the Hospital would have totaled close to \$900,000 while the value of the endowment would have been \$2.3 million as of 9/30/2009. The value would have been \$1.6 million if invested using average S&P 500 returns.



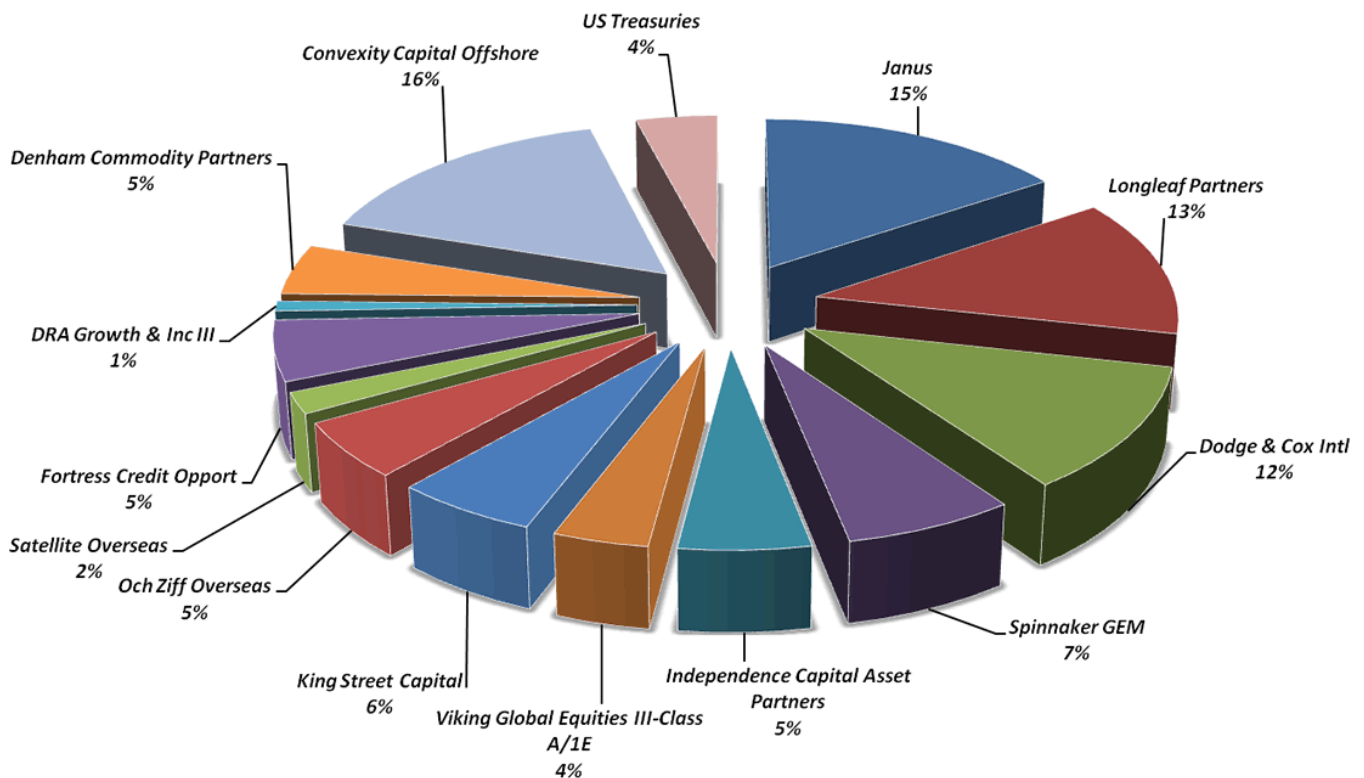
# The Children's Hospital Foundation Investment Management

## The Joint Investment Committee

The Joint Investment Committee of The Children's Hospital and The Children's Hospital Foundation consists of highly respected members of the investment community and select board members both with a wide breadth of knowledge and experience. Please see below for a complete listing of current members.

The committee establishes the investment policies of both organizations, monitors and adjusts asset allocations, and appoints and reviews the performance of investment managers. It is the policy of both the Hospital and Foundation to invest funds in a manner that will provide for the highest investment return consistent with the preservation of principal and liquidity necessary for ongoing cash flow demands. Diversification is employed to ensure that adverse results from one asset class or individual security will not have an unduly detrimental effect on the entire portfolio.

## Investment Portfolio – as of 9/30/09



# The Children's Hospital Foundation Investment Management

## Joint Investment Committee Members

### Joint Investment Committee 2009

**Fred Taylor**

Treasurer, The Children's Hospital Foundation Board of Trustees  
Northstar Investment Advisors, LLC

**Peter Culshaw**

Chair, The Children's Hospital Foundation Board of Trustees  
Shea Properties Colorado

**Katherine (Katey) Driscoll**

Community Volunteer

**Leonard J. Dryer, Jr.**

Senior Vice President and CFO, The Children's Hospital

**Don Elliman**

COO, State of Colorado

**Cole Finegan**

Hogan & Hartson LLP

**David Hanson**

Lynwood Capital Partners, Inc.

**Joy Johnson**

Community Volunteer

**Steve Kris**

Community Volunteer

**Tom McGonagle**

Community Volunteer

**Scott Nycum**

JP Morgan Private Bank

**Craig Ponzio**

Chair, The Children's Hospital Board of Directors

**James Shmerling, DHA, FACHE**

President and CEO, The Children's Hospital

**Tony Troxell**

Vice President of Finance and Administration,  
The Children's Hospital Foundation

**Steve Winesett**

President and CEO,  
The Children's Hospital Foundation

**Laura Wright**

Community Volunteer

## The Children's Hospital Foundation Investment Performance

### Investment Results

The Foundation portfolio has consistently outperformed the S&P 500 in all market temperaments. The committee's expertise has allowed our endowments to experience growth and stability over the last several years.

### INVESTMENT RESULTS (Through Sept. 30, 2009)

	Jan-Sept 09	<b>3</b> years	<b>5</b> years
<b>The Children's Hospital Foundation</b>	25.01%	4.53%	7.93%
<b>Total Fund Median</b> (our peers)	14.53	-0.16	3.75
<b>S&amp;P 500</b> (equities)	19.26	-5.43	1.01

The Foundation portfolio ranked in the top 1% of similar funds across the nation for the last five years.

## The Children's Hospital Foundation Donor Recognition

When a donor decides to establish an endowment at The Children's Hospital they are communicating the highest level of confidence and trust in Children's mission and leadership. A gift of this magnitude has a lasting impact on the children we serve, the institution as a whole, and pediatric healthcare that can impact generations far into the future. That is why we recognize and honor their commitment with the utmost gratitude.

Endowment donors are recognized in a variety of ways, in accordance with their giving level and recognition guidelines. Endowment donors may be recognized through: fund naming, recognition events, electronic and print publications, and donor walls. Below are some examples of each.

### Events

#### Endowed Chair Investiture

Celebrates the official establishment of an endowed chair. The Children's Hospital Foundation hosts an investiture, where the donor(s) and chairholder are recognized and thanked. The donor and chairholder make brief remarks at this event, to which they may invite family members, friends and colleagues. The chairholder receives an actual chair featuring the endowed chair name.

#### Endowed Chair Dinner

The Endowed Chair Dinner, "Investments in Excellence: Celebrating Endowed Chairs at The Children's Hospital" is a bi-annual evening celebration featuring a presentation on endowed chairs by the president of the Hospital and the Foundation's vice president of Finance and Administration. The presentation is followed by an elegant dinner for all donors and chairholders. This event is an exclusive and unique event for endowed chair donors as they are able to have one-on-one time with the chairholder of their investment.

#### Charles C. Gates Society Events

The Charles C. Gates Society recognizes donors who have contributed \$1 million or more over a lifetime to The Children's Hospital and thus includes donors to endowed chairs. Gates Society members are recognized at a bi-annual dinner.

Gates Society donors also qualify for lifetime recognition in *Children's Circle of Care*, a recognition society for donors contributing \$10,000 or more to The Children's Hospital annually.



*Craig and Maria Ponzio, with their children, celebrate The Ponzio Family Chair in Pediatric Neurology with inaugural chairholder, Amy Brooks-Kayal, MD*





# The Children's Hospital Foundation Donor Recognition

## Donor Walls

### Endowed Chair

The Children's Hospital, 2<sup>nd</sup> Floor, Conference and Education Center  
Recognizing all of Children's Endowed Chair Donor(s) and Chairholders of \$2 million or more



# The Children's Hospital Foundation Donor Recognition

## Donor Walls

### Charles C. Gates Society

The Children's Hospital, 2<sup>nd</sup> Floor, outside the Dori Biester Board Room overlooking the Boettcher Atrium  
Recognizing cumulative lifetime giving of \$1 million or more



# The Children's Hospital Foundation Donor Recognition

## Donor Walls

### Lifetime Giving

The Children's Hospital, 1<sup>st</sup> Floor, hospital entrance adjacent to the *Imagine the Miracles* donor wall  
Recognizing cumulative lifetime giving of \$250,000 or more



### Endowed Funds

The Children's Hospital, 2<sup>nd</sup> Floor, Conference and Education Center  
Recognizing endowed funds of \$50,000 or more



# The Children's Hospital Foundation Donor Recognition

## Donor Walls

### Children's Circle of Care

The Children's Hospital, 2<sup>nd</sup> Floor, between the Outpatient Pavilion and the Dori Biester Board Room  
Recognizing annual donors of \$10,000 or more and cumulative giving of \$1 million or more



## The Children's Hospital Foundation Endowment Stewardship

Each year, endowment donors receive an annual stewardship report from the Foundation which includes a written and financial summary of the endowment's impact and performance.

The Children's Hospital Foundation strives to maintain the highest level of stewardship with its donors. All gifts are closely monitored to ensure that they are properly invested and income earned is distributed in a timely manner and used to the donor's intent. The Hospital and Foundation are committed to institutional accountability and transparency in the use of gifts. A stewardship report aids in the donor's right to accurate information pertaining to the administration and impact of your gift.



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