

## **Endowment Release letter and form FAQ**

### **Q: What does this letter mean?**

A: At some point in the past, you made one or more gifts to one of the AAPF's endowed funds. According to the law in Illinois, where we are chartered, the Foundation is only allowed to spend the interest or earnings from your gift, and not the principal. Due to the economic downturn, there were no earnings from these gifts this year. In fact, the value of our endowed funds has gone down. We're asking you to reclassify your gift as unrestricted rather than endowed in order for us to meet the original intent of your gift(s).

### **Q: I am a Foundation donor—why didn't I receive a letter?**

A: If you didn't receive a letter, it is because your gift was designated to a fund for which the controlling document already allows principal to be expended. Examples of these funds include the Bowers Endowment Fund for the ABP, the Education Action fund and the Sustaining Fund.

### **Q: What happens if I sign and return the form I received?**

A: If you sign and return your form, you are giving the AAP Foundation permission to spend the gift you gave to fulfill its most urgent needs, such as meeting obligations to current scholarship and fellowship recipients. Your gift will be used to support the particular fund you intended. It will not be added to the general sustaining fund.

### **Q: What happens if I do NOT sign and return the form I received?**

A: If you do not sign and return the form, your gift will remain endowed, meaning the Foundation will only spend earnings or interest and will have to curtail some of its awards until the markets recover.

### **Q: Why does the AAPF need me to lift the restriction from my gift(s)?**

A: Twenty-seven states have legislation that allows non-profit Boards to use endowed funds to meet current needs. Illinois, where the AAP Foundation is headquartered, does **not** have such legislation. The Foundation is asking donors of endowed funds to release that restriction, in order to have the flexibility to fund scholarships and fellowships for future educators.

### **Q: What is the AAPF's investment policy?**

A: As you may know, the AAPF adheres to a prudent spending policy and utilizes professional consultants to manage our well-diversified portfolio.  
([://www.perio.org/foundation/investment-policy.htm](http://www.perio.org/foundation/investment-policy.htm))

### **Q: What else is the AAPF doing to address its economic situation?**

A: The AAPF has taken several other measures to address the situation, among which are:

- The AAPF expense budget has been cut by a significant amount.
- The size and number of planned awards has been reduced.
- The Foundation is actively seeking unrestricted gifts which may be used to support the Foundation's programs.

**Q: Doesn't the AAPF have unrestricted money it can use?**

A: Historically, most donations to the AAPF have been to endowed funds. Current Illinois law requires that we maintain net assets at a level equal to all donations to endowed funds. The significant decline in our investment portfolio has meant that all of our unrestricted assets and new unrestricted donations must be used to make the endowment "whole" again.

**Q: Will the Foundation spend all of its endowment, leaving no money or security for the future?**

A: The AAP Foundation's Board of Directors believes strongly in preserving an endowment to secure the future of the Foundation and of the specialty. We plan to use only the funds necessary. We see this as a temporary downturn, and we have confidence in your future and in ours.

Many of you have already signed and returned your forms, helping to give the Foundation the flexibility it needs to fulfill its mission. However, we hope to secure as much donor participation as possible in this initiative. If you have not yet signed and returned your form, please do so today. If you have questions about the letter you received or the form, please feel free to call Barbara Talisman, Interim Executive Director, at (312) 573-[3256](tel:3125733256) or Robert T. Ferris, DDS, PhD, AAP Foundation President at (407) 257-0787.