



**MOBA**

**Mfantsipim Old Boys Association (MOBA)**

**Endowment Fund**

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## Executive Summary

Article 46 of the MOBA Regulations mandates the establishment of an Endowment Fund. An endowment is a fund that is restricted. Only the interest from the fund can be spent, not the principal that anchors the endowment. Usually, only a portion of the interest or earnings from the endowment are spent on an annual basis in order to assure that the original funds will grow over time.

Professional money managers will oversee MOBA endowment funds, investing the money in stocks, bonds, and other instruments.

Financial stability is the main reason for establishing the MOBA Endowment Fund. It will help diversify MOBA's income and reduce its dependency on donors. It offers donors the option of providing a gift that will keep on giving to MOBA well into the future.

The target launch amount will be the cedi equivalent of 1 million dollars. The proposed maximum annual disbursement to MOBA for school projects and to fund its activities should not exceed 50% of the annual interest realized by the fund.

### 1. Objectives of the Fund

The sole intention of the endowment is to invest the funds so that the total asset value will yield an inflation-adjusted principal amount, along with additional income for further investments, key projects and supplementary expenditures.

The Objectives of the MOBA Endowment Fund would serve as a road map that would guide how funds would be raised, managed and disbursed.

The Recommended objectives include:

#### a. Transforming Mfantshipim School Into The Best Senior High School In West Africa

The Mfantshipim School is the first secondary school to be established in Ghana in 1876. The school prides itself on its Methodist origins and its belief that education is a good foundation for a better social and spiritual life.

It is important that the institution takes back its position as the premier secondary school in the country and lives its vision of being a second cycle institution of choice excelling beyond Ghana.

An Endowment Fund would make the realization of its principles of Academic Excellence ahead of the pack and Leadership through visible Christian principles, as well as an unparalleled environment built for a holistic second cycle education a reality. Funds will also be used for the maintenance of MOBA initiated projects in Mfantshipim.

**b. Establishing MOBA as the Best and Most Effective Second Cycle Alumni Association in Ghana.**

To be able to achieve 1 (above) requires the active participation of MOBA financially, technically and otherwise. The best alumni association assures the transformation of Mfantsipim as the best second cycle school and promotes a strong desire by all Old Boys to be associated with MOBA.

**c. Maintain High Calibre Faculty In The School**

One of the incentives for employees all over the world is attractive salary. Low remuneration is a disincentive to teachers with some seeking for higher paying schools. A good salary coupled with other incentives will therefore maintain the School's high calibre staff and additionally attract teachers of high repute from across the country.

**d. Grant Scholarships to Needy but Brilliant Students In Ghana Who Apply To Mfantsipim School**

After the gestation period of 10 years, the Mfantsipim School Endowment fund can allot a proportion of the Endowment fund to sponsoring brilliant students [especially in the Central Region] who apply to the school. The sponsorship packages can vary from partial to full scholarships, depending on the level of need. In this way, the Mfantsipim School will be giving back to society.

**2. Sources of Funding for the MOBA Endowment Fund**

Some of the ways to raise funds for the MOBA Endowment fund include:

**1. Donations**

**a. Gifts [Monetary or Property] from Individuals and Institutions**

The Board of Trustees of the Endowment Fund can send letters to individual and institutions affiliated to the school and with a keen interest in the ideals of the School can offer free will gifts to the Mfantsipim School. These gifts can be in the form of money or property.

**b. Regular [monthly, quarterly, annual] fixed levies from alumni of Mfantsipim School.**

The Mfantsipim School has a well-structured Old Boys' Association. All the registered year groups should therefore be mandated to pay a fixed levy on a regular basis, to ensure a regular stream of income into the fund. Additionally individual Old Boys will be encouraged to pay a fixed levy on regular basis.

**c. Annual Levy on Sponsoring Year Groups to the Endowment Fund.**

Traditionally Old Boys rally to contribute to projects for the school in the year in which they are required to sponsor speech day activities. Considering the long term beneficial nature of the endowment fund to all Old Boys a levy of 10% of the project budget of all sponsoring year groups will be paid into the endowment fund.

- d. Corporate Institutions can pledge to make annual donations into the Endowment fund, in exchange for notable places on the Mfantsipim School campus to be named after them and plaques to be raised in their honor at notable places at the Mfantsipim School premises.
- e. Mfantsipim School can establish agreements with companies to contribute into the Endowment fund in exchange for services provided by brilliant students during long vacations.

## 2. Fund Raising Events

MOBA will undertake innovative fundraising events.

### 3. Stipulations Regarding usage of Funds

It is essential that MOBA from the onset establishes when and how the MOBA Endowment Fund will be utilized THROUGH THE ESTABLISHMENT of a Trust Deed and rules.

They can therefore state:

- a) How much funds will be used in the medium and long-term?
- b) How much interest will be used annually?

It is proposed that the Selection of the Fund Manager be by competitive bidding.

### 4. Growing the MOBA Endowment Fund

Assuming that the target of the MOBA Endowment Fund is to raise a minimum of \$5 million within the next ten years, to achieve this objective, the Endowment fund needs an annual inflow of \$200,000 [factoring in a return of 20% and a fee of 2%]. This will translate a total contribution of \$5,424,432.91 at the end of a ten year period.

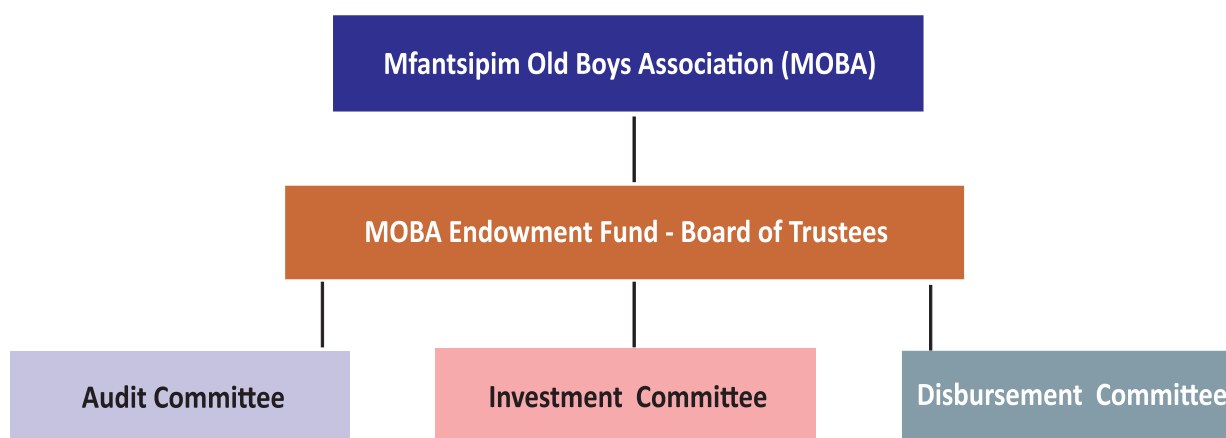
#### Assumptions:

Assuming that 10,000 Mfantsipim Old Boys make an annual contribution of \$20 each, it will translate into \$200,000. We expect funds will also be generated from fund raising activities, money generated from business ventures, levies on Sponsoring Year Groups etc.

Yr	Annual Contribution	Opening Value	Total	Return (20%)	Value (Deposit + Returns)	Fees (2%)	Year End Value (F+G)
1	200,000.00	200,000.00	200,000.00	40000	240,000.00	4800	235,200.00
2	200,000.00	235,200.00	435,200.00	87040	522,240.00	10444.8	511,795.20
3	200,000.00	511,795.20	711,795.20	142359.04	854,154.24	17083.08	837,071.16
4	200,000.00	837,071.16	1,037,071.16	207414.23	1,244,485.39	24889.71	1,219,595.68
5	200,000.00	1,219,595.68	1,419,595.68	283919.14	1,703,514.82	34070.30	1,669,444.52
6	200,000.00	1,669,444.52	1,869,444.52	373888.90	2,243,333.43	44866.67	2,198,466.76
7	200,000.00	2,198,466.76	2,398,466.76	479693.35	2,878,160.11	57563.20	2,820,596.91
8	200,000.00	2,820,596.91	3,020,596.91	604119.38	3,624,716.29	72494.33	3,552,221.97
9	200,000.00	3,552,221.97	3,752,221.97	750444.39	4,502,666.36	90053.33	4,412,613.03
10	200,000.00	4,412,613.03	4,612,613.03	922522.61	5,535,135.64	110702.71	5,424,432.93

## 5. Administrative Structure

It is recommended that the administrative structure of the fund is as follows:



## 6. Board of Trustees

The MOBA Endowment Fund will be governed by a board of trustees selected by the MOBA National Council upon the recommendation of the MOBA National Executive Committee. The proposed Board should comprise of

- a. A representative of the Presiding Bishop of the Methodist Church Ghana
- b. Headmaster of Mfantsipim School
- c. Competent Old Boys from diverse professional backgrounds.

The Board of Trustees will have the mandate to take prudent decisions that will promote the growth of the fund. The efficiency of boards will be determined by the committees established to supervise its functions.

The Board Of Trustees Shall:

- a. Have a minimum of three, but a maximum of seven members. It is advisable not to have a large board, but an odd number is preferred.
- b. Have experience/expertise in investments/ have special skills or talents to the Endowment Board.
- c. Tenor of office of members of the Board as well as retirement and replacement must be clearly defined.

### **Powers And Duties of Trustees Include:**

1. Prudent Investment of the Endowment Fund
2. Appointment of service providers including a Fund Manager.
3. Timely and efficient disbursement to MOBA of the agreed investment Income