



LAMBDA CHI ALPHA

EDUCATIONAL FOUNDATION

Fraternity Support Fund Policies

Chapter Support Fund Policies (2018)

Formerly Chapter Educational Account Policies (2017)

Fraternity Support Funds are purposed restricted accounts established by a donor(s) and managed by the Lambda Chi Alpha Educational Foundation. **Chapter Support Funds** are chapter restricted accounts established by a donor(s) and managed by the Educational Foundation. The Foundation administers three different types of fund accounts: endowment, quasi-endowment, and temporarily restricted. The three fund types are used to meet donor intent and organizational need. All Fraternity Support Funds and Chapter Support Funds require a signed gift agreement by a donor representative and the President & CEO of the Foundation. A description and outline of policies governing each fund type are below.

Endowment Fund

An endowment fund is a permanently restricted asset of the Foundation. Each endowment fund provides funding disbursements from investment income earned on the historical principal value (i.e. original gift amount). This type of educational fund can be restricted for use by chapter or by purpose.

- 1) Each endowment fund must include a fully executed gift agreement and an alumnus contact designated with oversight responsibility.
- 2) This fund will be invested in the Foundation's long-term investment portfolio, is subject to the gains and losses of said portfolio and is credited a pro rata share of investment performance.
- 3) The fund must reach and maintain a minimum of \$50,000 before disbursements may occur.
- 4) Disbursements may be submitted to the Foundation up to four times per year through a grant request. Grant disbursements will be processed the first business day of the fiscal quarter and may take up to 10 business days to reach the recipient.
- 5) Endowment spending disbursements will be amended from time to time per the Investment Policy Statement. Currently, 4% of the funds assets computed on a rolling twelve quarter average beginning December 31 will be available for disbursement.
- 6) An administrative fee of 0.25% on the final business day of the fiscal quarter will be assessed by the Foundation for gift receipting, accounting and administration costs.
- 7) All direct costs (i.e. credit card processing fees, printed mailers) incurred by the Foundation in accepting donations or administering the account will be deducted from the Fund. Additional fundraising and administrative service agreements beyond the scope outlined under the *Responsibilities of the Lambda Chi Alpha Educational Foundation* will be deducted from the Fund.



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Quasi-Endowment Fund

A quasi-endowment fund is a temporarily restricted asset of the Foundation. This type of fund is a long-term investment which seeks to maintain principal over the life of the fund. For special grantmaking opportunities or to spend from a fund while principal value is increasing, quasi-endowments allow for the disbursement of contributions. This type of educational fund can be restricted for use by chapter or by purpose.

- 1) Each quasi-endowment fund must include a fully executed gift agreement and an alumnus contact designated with oversight responsibility.
- 2) This fund will be invested in the Foundation's long-term investment portfolio, is subject to the gains and losses of said portfolio and is credited a pro rata share of investment performance.
- 3) The fund must reach and maintain a minimum of \$50,000. Disbursements may occur prior to achieving the minimum funding threshold.
- 4) Disbursements may be submitted to the Foundation up to four times per year through a grant request. Grant disbursements will be processed the first business day of the fiscal quarter and may take up to 10 business days to reach the recipient.
- 5) Disbursement spending will follow the distribution section outline in the Fund gift agreement and will adhere to all Policies of the Foundation.
- 6) An administrative fee of 0.25% on the final business day of the fiscal quarter will be assessed by the Foundation for gift receipting, accounting and administration costs.
- 7) All direct costs (i.e. credit card processing fees, printed mailers) incurred by the Foundation in accepting donations or administering the account will be deducted from the Fund. Additional fundraising and administrative service agreements beyond the scope outlined under the *Responsibilities of the Lambda Chi Alpha Educational Foundation* will be deducted from the Fund.

Temporary Fund

A temporary fund, often referred to as a spendable account, is a temporarily restricted asset of the Foundation. This type of fund is generally established for a term of five years to achieve a specific educational outcome. Temporary funds are advantageous as they provide greater near term disbursement ceilings, however, they provide no investment return as they are conservatively invested in the short-term portfolio. This type of educational fund can be restricted for use by chapter or by purpose.

- 1) This fund will be invested in the Foundation's short-term investment portfolio. The assets will be invested in low risk, short-term fixed income investments, deemed appropriate by the Finance & Investment Committee and is credited a pro rata share of investment performance.



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- 2) Disbursements may be submitted to the Foundation up to four times per year through a grant request. Grant disbursements will be processed the first business day of the fiscal quarter and may take up to 10 business days to reach the recipient.
- 3) Each temporary fund must include a fully executed gift agreement and an alumnus contact designated with oversight responsibility.
- 4) An administrative fee of 0.25% on the final business day of the fiscal quarter will be assessed by the Foundation for gift receipting, accounting and administration costs.
- 5) All direct costs (i.e. credit card processing fees, printed mailers) incurred by the Foundation in accepting donations or administering the account will be deducted from the Fund. Additional fundraising and administrative service agreements beyond the scope outlined under the *Responsibilities of the Lambda Chi Alpha Educational Foundation* will be deducted from the Fund.

Responsibilities of the Lambda Chi Alpha Educational Foundation

The Foundation agrees to manage all restricted fraternity funds in the following ways.

- 1) Receive and deposit all designated funds in a timely and professional manner.
- 2) Send written acknowledgement to the donor upon receipt of a gift in excess of \$50 and an electronic acknowledgement for gifts \$50 and less.
- 3) Provide reports to the designated alumni contact(s), which reflect Fund contributors, deposits, disbursements, fees, balance and investment income, if applicable.
- 4) When capital projects are undertaken, the Foundation staff may be asked to provide assistance and counsel in making certain the campaign is properly developed, managed and executed. Depending on the scope of the project and time required, it may be appropriate for the Foundation to charge a fundraising or administrative services fee. This arrangement would be negotiated separately and not tied to a project's goal.
- 5) Funds from various chapters will be commingled in common investments to achieve maximum return. Each Fund will be accounted for separately in an endowment management software system.