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Endowment Management Policy

1. Purpose.

The Association of Fraternity/Sorority Advisors Foundation’s (“**Foundation**”) endowment exists to support the educational objectives of the Association of Fraternity/Sorority Advisors, other relevant research, scholarships, and educational programming that furthers the fraternity/sorority advising profession.

This Endowment Management Policy (“**Policy**”) governs how the Foundation manages its endowment funds, including donor-restricted gifts and donor-restricted endowments.

2. Scope.

We expect the Foundation Board of Directors and staff to abide by all federal, state, and local laws and regulations governing the creation and management of endowed funds. This Policy applies to all funds managed by the Foundation.

3. Donors Rights.

Consistent with our mission, the Foundation is guided by the [Donor Bill of Rights](#) created by the Association of Fundraising Professionals (AFP), the Association for Healthcare Philanthropy (AHP), the Council for Advancement and Support of Education (CASE), and the Giving Institute: Leading Consultants to Nonprofits.

4. Roles and Responsibilities.

The **Foundation Board of Directors** issued this Policy.

The **Foundation’s Executive Director** owns and is primarily responsible for implementing this Policy and the related procedures into the Foundation’s day-to-day operations. The Executive Director may designate employees to implement certain elements of this Policy and the related procedures.

5. Definitions.

5.1 “Agreed Minimum Fund Balance” has the meaning assigned in Section 6.5.2.3 of this Policy.

5.2 “Annual Fund” means unrestricted funds raised by the Foundation annually.

- 5.3** “**Board-Designated Fund**” means a fund voluntarily created by the Foundation from unrestricted funds that functions like a Donor-Restricted Endowment but without any legal or contractual obligation for the fund to exist in perpetuity.
- 5.4** “**Campaign Commitment**” means gift commitments made to a Foundation capital campaign.
- 5.5** “**Donor-Restricted Endowment**” means a fund established for a specific purpose that is agreed to by the donor and the Foundation and intended to exist in perpetuity.
- 5.6** “**Donor-Restricted Gift**” means a gift provided for a specific purpose that is agreed to by the donor and the Foundation, including a gift to a Donor-Restricted Endowment or Donor-Restricted Spend-Down Fund.
- 5.7** “**Donor-Restricted Spend-Down Fund**” means a fund established for a specific purpose that is agreed to by the donor and the Foundation and typically intended to be spent within a defined time frame.
- 5.8** “**Foundation Funds**” means all funds managed by the Foundation, including the Annual Fund, Board-Designated Funds, Donor-Restricted Endowments, Donor-Restricted Gifts, Donor-Restricted Spend-Down Funds, and the Unrestricted Endowment.
- 5.9** “**Minimum Endowment Balance**” has the meaning assigned in Section 6.5.1.2 of this Policy.
- 5.10** “**Unrestricted Endowment**” means the fund established by the Board of Directors from unrestricted gifts and intended to exist in perpetuity.

6. Policy.

6.1 Gifts Generally.

- 6.1.1 Irrevocability.** Gifts to the Foundation must be irrevocable.
- 6.1.2 Compliance with the Gift Acceptance Policy.** All gifts must comply with the Gift Acceptance Policy, including any required review or approval by the Gift Acceptance Committee or Board of Directors.
- 6.1.3 Standard Gift Agreements.** Other than bequests, the Foundation will use written, standard gift agreements whenever a donor establishes a Donor-Restricted Endowment or Donor-Restricted Spend-Down Fund or makes a multi-payment gift commitment, including a Campaign Commitment.
- 6.1.3.1.** The Executive Director will execute gift agreements on the Foundation’s behalf.

6.1.3.2. The Board of Directors or its designee must approve any proposed, significant deviations from the standard gift agreements.

6.1.4 Administrative Fees. All gifts are subject to the Administrative Fee Policy.

6.2 Foundation Funds.

6.2.1 **Management.** The Board of Directors will manage the Foundation Funds consistent with the laws of the State of Indiana. The Board of Directors may use or invest as much of the Foundation Funds as it determines is prudent, subject to any gift instruments.¹

6.2.2 **Investment.**

6.2.2.1. Consistent with the Investment Policy, the Board of Directors may invest the Foundation Funds.

6.2.2.2. The Board of Directors may retain an investment advisor or manager to invest the Foundation Funds.

6.3 Unrestricted Endowment.

6.3.1 **Establishment.** The Board of Directors may designate any portion of the unrestricted gifts received from donors as the Unrestricted Endowment.

6.3.2 **Adding Funds to the Unrestricted Endowment.** The Board of Directors may annually designate a portion of the Annual Fund to be added to the Unrestricted Endowment.

6.3.3 **Annual Distribution.** Unless approved by the Board of Directors, the Foundation's annual distribution from the Unrestricted Endowment may not exceed 7% of the endowment's average market value over the previous 12 quarters.

6.4 Donor-Restricted Spend-Down Funds.

6.4.1 **Establishment of a Donor-Restricted Spend-Down Fund.**

6.4.1.1. As outlined in the Gift Acceptance Policy, establishing a Donor-Restricted Spend-Down Fund requires the Board of Directors' approval.

¹ See Ind. Code Ann. § 30-2-12-9 (2023).

6.4.1.2. Unless otherwise approved by the Board of Directors, the minimum amount of cash or cash equivalents required to establish a Donor-Restricted Spend-Down Fund is \$1,000.

6.4.2 **Gifts to Established Donor-Restricted Spend-Down Funds.** The Foundation will accept Donor-Restricted Gifts to established Donor-Restricted Spend-Down Funds, regardless of the gift amount.

6.4.3 **Earnings and Losses.** Any earnings or losses on Donor-Restricted Spend-Down Funds will be allocated to the Unrestricted Endowment.

6.4.4 **Distribution.**

6.4.4.1. The Foundation will distribute money from a Donor-Restricted Spend-Down Fund consistent with the fund's established purpose and the terms of a valid gift agreement.

6.4.4.2. If the balance in a Donor-Restricted Spend-Down Fund is less than the amount required to achieve the fund's established purpose, the Board of Directors may authorize a partial distribution.

6.5 Donor-Restricted Endowments.

6.5.1 **Establishment.**

6.5.1.1. As outlined in the Gift Acceptance Policy, establishing a Donor-Restricted Endowment requires the Board of Directors' approval.

6.5.1.2. Unless otherwise approved by the Board of Directors, the minimum amount of cash or cash equivalents required to establish a Donor-Restricted Endowment after March 1, 2024 is \$25,000 ("**Minimum Endowment Balance**").

(a) A Donor-Restricted Endowment must reach the Minimum Endowment Balance within 60 months of the Foundation establishing the fund.

(b) If a Donor-Restricted Endowment does not reach the Minimum Endowment Balance within the required time frame, the funds will be converted to a Donor-Restricted Spend-Down Fund for the agreed upon purpose. The Executive Director will determine and document a purpose that best aligns with the donor's intent.

6.5.2 Annual Distribution. Unless authorized by the Board of Directors or a valid gift agreement, a Donor-Restricted Endowment’s annual distribution may not exceed 7% of the fund’s average market value over the previous 12 quarters.

6.5.2.1. For those Donor-Restricted Endowments that have not existed for 12 quarters, the fund’s average market value will be calculated using the quarters in which the fund had a market value.

6.5.2.2. Unless authorized by the Board of Directors or a valid gift agreement, the Foundation will not make a distribution from a Donor-Restricted Endowment

(a) until the fund reaches the Minimum Endowment Balance; or

(b) if the distribution would bring the fund balance below the Minimum Endowment Balance.

6.5.2.3. For each Donor-Restricted Endowment established before March 1, 2024, **Addendum A** to this Policy outlines the previously agreed upon minimum fund balance (“**Agreed Minimum Fund Balance**”). Unless authorized by the Board of Directors or a valid gift agreement, the Foundation will not make a distribution from a Donor-Restricted Endowment listed in Addendum A if the distribution would bring the fund balance below the Agreed Minimum Fund Balance.

6.5.3 Annual Management Fee. The Foundation will collect a 1% annual management fee on all Donor-Restricted Endowments.

7. Donor Stewardship.

7.1 Annual Report. The Foundation will publish an annual report by December 31 of each year summarizing its revenues and expenses for the most recent fiscal year.

7.2 Donor-Restricted Endowment Stewardship Reports. When possible, the Foundation will provide an annual stewardship report to each donor who established a Donor-Restricted Endowment or their designee.

8. Related Policies and Procedures.

Administrative Fee Policy (Doc. No. 3.02)

Gift Acceptance Policy (Doc. No. 3.01)

Investment Policy (Doc. No. 3.03)

Revision History

<u>Version</u>	<u>Description of Change</u>	<u>Date (mm/dd/yyyy)</u>	<u>Approved By</u>
1.0	Original; replaces the Endowment Policy (2010) and Restricted and Endowed Fund Policy (2019)	02/20/2024	Board of Directors

**Appendix A:
Donor-Restricted Endowments Established Before March 1, 2024**

<u>Donor-Restricted Endowment</u>	<u>Agreed Minimum Fund Balance</u>
Alpha Delta Pi Margaret Anne MacDoland Bundy Memorial Scholarship	\$15,000
Blake Bradley and Marlin Bradley Ally Scholarship	\$10,000
Bowling Green State University Scholarship	\$10,000
CAMPUSPEAK, Inc. Scholarship	\$10,000
Chi Epsilon Educational Fund	\$50,000
Chi Epsilon Founders Scholarship	\$15,000
Chi Psi Amy Vojta Scholarship	\$10,000
Dick McKaig IFI Graduate Scholarship	\$10,000
Dyad Strategies Dissertation of the Year	\$15,000
Gamma Phi Beta Linda Wardhammar Scholarship	\$10,000
Gamma Sigma Alpha Beth Saul Scholarship	\$15,000
Michelle Guobadia Graduate Mentorship Endowment	\$30,000
Monica Lee Miranda Scholarship	\$15,000
NALFO Educational Programming Endowment	\$15,000
NGLA Bonnie Wunsch Scholarship	\$10,000
Order of Omega Gardner Award	\$25,000
Past President Scholarship	\$15,000
Sigma Phi Epsilon & Friends Dr. Charles Eberly Oracle Research Award	\$15,000
Sigma Phi Epsilon Fraternity Scholarship	\$15,000
Sigma Sigma Sigma Sorority Scholarship	\$15,000

<u>Donor-Restricted Endowment</u>	<u>Agreed Minimum Fund Balance</u>
Thomas B. Jelke Graduate Scholarships	\$10,000
Zeta Phi Beta Sorority Inc. Scholarship	\$15,000