



## Endowment Agreement

### Section 1 - Overview

- 1. Purpose.** These policies and procedures outlined in this agreement are adopted by the Executive Committee of the Grosse Pointe Alumni & Friends Association and may be amended from time to time as provided herein. The following is the Endowment Fund's mission statement:

The Generations Endowment Fund, through the generous contributions of our supporters everywhere, will be an endowment fund that will generate interest income to support and continue large projects and big endeavors, by collaborating with school district officials, principals, teachers and PTOs to identify the greatest and most urgent areas of need and provide discretionary funds accordingly. Our goal is to support a range of school district priorities, be they academics, athletics, the arts or ensuring access to state-of-the-art educational technology.

The Generations Endowment Fund will provide permanent and predictable funding to support programs and innovations essential for the long-term success of our students and community. Together, as students, alumni, friends, and family, we will lay a new foundation for educational excellence and create a legacy for generations to come.

- 2. Funding from the Generations Endowment.** Annual district wide grant(s) proposed by the GPPSS administration.

## Section 2 - Endowment

- 1. Endowment Fund.** Donations made to the Generations Endowment Fund are held in perpetuity, producing an income stream to further the Endowment Fund's mission.
- 2. Fund Availability Amount.** The annual distribution from the Endowment Fund shall be known as the "Fund Availability Amount." It shall be calculated following the March 31 quarter-end for the next fiscal year and shall be equal to 5% of the average fair market value of the Generations Endowment Fund over the previous 12 quarter-ends (June 30, September 30, December 31, and March 31). The Board may vote during the September meeting to raise this percentage up to 7% but the goal should be to keep this at 5%. This distribution will be used to fund the district grant.
- 3. Schedule for Disbursement of Grant.** The Fund Availability Amount shall be dispersed according to the section of this policy titled "Endowment Grant Guidelines." The annual grant shall be awarded in May for the following school year. Any amount not allocated by the end of the Fund's fiscal year shall be returned to the Generations Endowment Fund.
- 4. Endowment Grant Guidelines.** The Generations Endowment Fund supports excellence in teaching and learning by funding district wide grants on a larger scale. Examples of Generations Endowment Fund grants include, but are not limited to, seed money for new programs, upgrading a program materials or equipment for projects or programs, or payment for learning experiences for students and staff, including guest speakers/events. The Generations Endowment Fund also recognizes the on-going need to support programs and innovative multi-year projects that would go unfunded due to budget constraints. These grants could include, but are not limited to, funds to cover program materials, personnel for programs and innovative district wide projects. District grant requests are due by April 30.

- A. Grant Report.** The staff of the Generations Endowment Fund shall prepare a summary of the district grant to be shared with the Board of Education and the Superintendent annually. The Board of Education will be asked to accept the grant on behalf of the District.
- B. Grant Evaluation.** Within 90 days of completion of the grant distribution, a written evaluation from the GPPSS must be submitted to the Generations Endowment Board. The Generations Board may request periodic reports on grant implementation or progression. Other forms of evaluation or summary may also be requested or submitted.
- C. Archiving and Record Keeping.** The Generations Endowment Committee will be responsible for archiving all grant requests. These records will include grants submitted and funded.
- D. Grant Expenditures.** All grant funds must be spent within 12 months of grant approval. Any grant monies not utilized will remain in the Generations Endowment Fund unless an extension is approved by the Endowment Committee.

### **Section 3 - Fundraising and Investment**

- 1. Solicitation of Funds.** The Board shall maintain a Gift Acceptance Policy which shall be attached to this document as **Appendix A**. The Gift Acceptance Policy shall set forth the Generations Endowment Fund's approach to soliciting funds, its willingness to accept certain assets, and the rules by which it will interact with donors.
  
- 2. Investment of Funds.** The Board shall maintain a policy on the manner by which it will hold and invest funds, including governance of professional advisors. Such policy shall be attached to this document as **Appendix B**. (Our financial advisors will produce this.)

### **Section 4 - Miscellaneous**

- 1. Funding Operations of the Generations Endowment Fund.** The Generations Endowment Fund shall endeavor to pay for annual administrative expenses from some or all, but not limited to, the following sources: fundraising events, Alumni Association dues, memorials, and/or percentage of the “Fund Availability Amount” not to exceed 0.5% . The committee may authorize, by majority vote, an additional assessment of up to 2% of the net asset value of investments over a twelve rolling quarter period in the event of a special circumstance, such as initiating a capital campaign or other projects that may require additional administrative support.
- 2. Conflicts of Interest.** In fulfilling its mission the committee seeks members who are knowledgeable about and involved in community and school functions and activities. From time to time, in connection with grant requests or vendor relationships, however, conflicts of interest may arise for members of the committee who have a personal interest in such matters. In cases of direct financial impact on a committee member, such as when the approval or denial of a grant request will result in the member, their spouse, or a relative having to personally pay more or less for a school activity, or when the Generations Endowment Fund contracts with a vendor with whom the member has a relationship such that the member may directly benefit from such contract, the member must disclose his/her interest in the matter to the committee or in advance of any committee decision. If any committee vote is taken in connection with the matter, the member must recuse him/herself from participating in the vote. The purpose of this policy is not to discourage members from familiarizing other members of the committee in a positive manner with matters which they have personal knowledge or experience, but is to ensure that such discussion should occur in the context of disclosure of any significant direct financial interest the member has in the outcome of the matter.
- 3. Business Relations Review Policy.** It shall be the policy of the Generations Endowment Fund to review its business relations including banking, investment, and insurance. Banking relations shall be reviewed at least every five years and investment advisor

relationships at least every seven years. Reviews of other business relations should be completed on the policy or contract expiration date when applicable.

- 4. Annual Accounting.** The Treasurer of the GPAFA shall produce an annual Statement of Activities of the Generations Endowment Fund and a Statement of Financial Position as of each fiscal year end. The statements shall include a summary of all revenues and expenses, and shall provide an ending balance of all assets and liabilities.
  
- 5. Audit.** Audits will occur in adherence with state guidelines.
  
- 6. Staff Compensation.** It shall be the policy of the Generations Endowment Fund to annually review the compensation and performance of the Generations Endowment Fund staff. Such evaluation will be conducted by the Board President and Vice-President (or alternative Executive Board Member due to conflict or availability). The evaluation will be completed at least 15 days prior to the end of the fiscal year.
  
- 7. Board Approval.** "Board approval" as written in this policy is defined as approval by a simple majority.
  
- 8. Amendment.** This Endowment Agreement may be amended, in whole or in part, upon the vote of a simple majority of all members of the GPAFA Board.
  
- 9. Distribution upon Dissolution.** Upon dissolution of the GPPSS, any assets lawfully available for distribution shall be distributed to the State of Michigan Foundation for Public Education.

## **Appendix A - Gift Acceptance Policy**

Approved by the Executive Board

On February 12, 2020

### **Introduction**

The Generations Endowment Fund helps to preserve the Grosse Pointe Public School System's (GPPSS) tradition of excellence by providing support for programs or projects that are deemed essential by the school district. This fund can provide for long-term planning and funding. The Generations Endowment Fund ensures that students in the GPPSS experience this excellence for generations to come. It provides our community and our alumni with a permanent mechanism through which donations can be allocated for worthwhile educational programs.

### **Purpose of the Endowment Agreement**

The Executive Committee of the Grosse Pointe Alumni and Friends Association (GPAFA), its staff, and volunteers solicit current and deferred gifts from individuals, corporations and foundations to secure the future growth and mission of the Generations Endowment Fund. It is the purpose of this Gift Acceptance Policy (the "Policy") to govern the acceptance of gifts by the Generations Endowment Fund and to provide guidance to prospective donors and their advisors when making gifts to the Generations Endowment Fund. The Policy shall apply to all gifts received by the Generations Endowment Fund.

The following principles guide the acceptance and administration of gifts to the Generations Endowment Fund:

1. To make gifts possible, within the structures of the law.
2. To make resources available over time for the mission of the Generations Endowment Fund.
3. To honor the intent of the donor.
4. To protect the assets entrusted to the Generations Endowment Fund.

## **Gift Types**

The Generations Endowment Fund will accept Unrestricted Gifts. Gifts may be made in many different formats, some of which are discussed in the sections below titled “Planned Gifts” and “Gift Review”.

## **Gift Acceptance**

The Generations Endowment Fund accepts gifts which are consistent with its stated mission, purposes and priorities. The Generations Endowment Fund may not accept gifts that are deemed too restrictive by the Endowment Committee or its delegates. Gifts intended as pass-through gifts to the Grosse Pointe Public School System must meet the gift acceptance rules of that organization in addition to the rules of this Policy.

## **Endowment Fund**

The Generations Endowment Fund is established to provide a source of funding to support programs benefiting students of the Grosse Pointe Public School System.

## **Planned Gifts**

The Generations Endowment Fund Planned Giving Program encompasses all types of gifts whose benefits do not fully accrue to the Endowment Fund until some future time (such as the death of the donor or other income beneficiaries, or the expiration of a predetermined period of time). The types of planned giving opportunities offered by the Generations Endowment Fund include:

- Bequests by Will or Trust
- Life Insurance Beneficiary Designations
- Retirement Plan Beneficiary Designations
- Charitable Remainder Unitrust
- Charitable Remainder Annuity Trust
- Charitable Lead Trust

As to various Trust vehicles, the Generations Endowment Fund will not accept an appointment as Trustee.

### **Gift Annuities**

At the present time, the Generations Endowment Fund does not issue charitable gift annuities. It reserves the right to review or change this policy at a future date.

### **Endowment Committee**

The Endowment Committee, as constituted from time to time, shall be charged to ensure that gifts received are consistent with these policies and that they are in the best interests of the Generations Endowment Fund.

### **Gift Review**

Gifts received in the following forms can be accepted by appropriate staff or Endowment Committee member and will not need prior review and approval by the GPAFA Board provided the gift is of an unrestricted nature:

- Cash or cash equivalents
- Checks
- Marketable Securities
- In-kind gifts of personal property for the Generations offices or programs

Gifts that require review of approval by the GPAFA include:

- Any gift which is restricted to a particular use when such use has not been previously identified by the Generations Endowment Fund as appropriate
- Tangible property that is not readily marketable
- Real estate
- Closely-held and S corporation stock
- Partnership interests
- Life insurance



- Accounts receivables (gifts of loans, notes, mortgages, etc.)
- Royalties, distribution rights
- Gifts which fall outside the ordinary purposes, bylaws and procedures of the Generations Endowment Fund

In all cases, any non-cash gift which is intended to be a substitute for cash will be promptly and prudently converted to cash. Gifts of encumbered property (such as real estate subject to an outstanding mortgage debt) will generally be declined absent a specific plan for eliminating the debt obligation and absent approval of the Endowment Committee.

### **Gift Declined**

The Generations Endowment Committee reserves the right to refuse any gift it believes is not in the best interest of the Generations Endowment Fund. If a gift is declined, the Generations Endowment Fund staff will contact the prospective donor promptly to explain the Generations Endowment Committee's position.

### **Acknowledgement**

Accepted gifts will be acknowledged by staff in accordance with federal regulations. The staff will use best efforts to send a "thank you" letter to all donors and, to the extent contact information is available, to send acknowledgement letters to honored individuals and family in the case of "Honor" or "Memorial" gifts.

Donors may be acknowledged in the Generations Endowment Fund publications such as the Annual Report. If a donor indicates a desire for anonymity or confidentiality, such requests should be made in writing, and the Generations Endowment Committee will hold all gift and investment information in confidence.

### **Appraisals and Valuation**

It shall be the responsibility of the donor to secure an appraisal (where required). The Generations Endowment Committee shall record a gift received at its valuation for gift purposes on the date of the gift.

Federal tax law generally allows individual donors who give in-kind (non-cash) gifts to claim a charitable contribution deduction for the fair market value of the gift. Numerous exceptions apply. The IRS Publication 5326 titled “Charitable Contributions” and Publication 561 titled “Determining the Value of Donated Property” are informative in determining whether to claim a tax deduction.

### **Use of Professional Advisors**

The Generations Endowment Committee may seek independent advice of legal counsel in matters relating to acceptance of gifts where appropriate. All prospective donors shall be strongly urged to seek the assistance of personal legal, tax, and financial advisors, at the donor’s expense, in matters relating to their gifts.

### **Dedication to Responsible Fundraising**

The Generations Endowment Fund and each of its representatives will seek to comply with the “Model Standards of Practice for the Charitable Gift Planner” and “Donor Bill of Rights.”

### **Changes to Policies**

This Endowment Agreement has been reviewed and accepted by the Executive Committee of the GPAFA. The Executive Committee must approve any material changes to, or deviations from, these policies.