



Designated Funds

1. **Designated Funds.** Donors, in conjunction with the GPAFA board, may establish “Designated Funds” to support annual grants targeted at interests or programs identified by the donor and approved by the Board in a manner consistent with the mission of the Grosse Pointe Alumni and Friends Association.

A. Examples of Designated Funds

- I. A one-time donation which provides an annual distribution to support a specified program, purpose or intent.
- II. An initial donation or groups of donations over time in support of a scholarship fund.

- B. Governing Document.** A written document shall be created for each designated fund. The document shall be agreed upon by the individual(s) establishing and donating the initial corpus of the fund and by the Board of the GPAFA. Authority for the use of the proceeds of designated funds shall be clearly described at the inception of the fund. The exercise of such authority shall rest with the Board of the GPAFA. The governing document shall include a discussion of fees, fund minimums, the calculation of fund availability and/or distributions, funding period, and other relevant factors as discussed below. A brief summary of each designated fund shall be attached to this document as **Appendix B**.

- C. Fund Availability from Designated Funds.** A designated fund may, by its Board-approved written description, provide for a specific method of determining fund availability and/or distributions. In such cases, the fund availability and/or distributions shall be calculated using such methodology as of

the beginning of each fiscal year of the GPAFA. In the absence of a specified calculation method or specified amount for distributions, the fund availability and/or distributions from designated funds will follow the “average of 12 rolling quarters” method employed for the Generations Endowment Fund. This method of calculating fund availability and/or distributions is the Board’s preferred approach and donors of designated funds shall be encouraged to employ the default method for calculating distributions from newly created designated funds.

D. Fees. Services to be rendered by the GPAFA on behalf of a designated fund, including its general administration, shall be determined as far as practicable in cooperation with the original donor(s) at the inception of the fund. There shall be an initial \$500 start-up fee charged by the GPAFA, and in each year subsequent to the year in which the fund is established, the GPAFA shall assess and collect a reasonable annual administrative fee, to be deducted from the fund balance no later than June 30. The designated fund shall be responsible for actual expenses (e.g., copying and postage) incurred in addition to administrative fees. The default fee structure is absence of a specified structure at the fund’s inception is:

I. \$500 fee for first year of inception

II. All subsequent years follow:

- Up to 1% for funds with a balance below \$50,000 and no active fundraising support from the GPAFA office
- 1% for funds with a balance of \$50,000 or more and no active fundraising support from the GPAFA office
- Up to 3% for funds at any balance which require active fundraising support from the GPAFA office in that fiscal year

E. Promotion. Marketing or promotion of the designated fund may be undertaken by the Board, by the donor(s), or by others interested in the success of the Designated Fund, but in no event shall such promotion occur without the GPAFA’s permission. Public announcements about the Designated Fund, such as the announcement of a scholarship award, shall include appropriate reference to its administration by the GPAFA.

F. Minimum Balance. All Designated Funds must maintain a minimum balance (subject to an initial funding period) which shall be clearly discussed in the governing document.

- I. **General Minimums.** A designated Fund must maintain a minimum balance of \$20,000 once the initial funding period is over.
- II. **Initial Funding Period.** Until amounts otherwise considered to be a Designated Fund reach or exceed the minimum balance amount, such funds will follow the Funds Availability calculation of the Generations Endowment.
- III. **Lapsed Fund, Lapsed Purpose.** Should a Designated Fund no longer be viable due to the elimination of the program or other purpose for which it was set aside; if the Designated Fund fails to achieve its minimum funding amount or, having reached it, the fund decreases in value with no reasonable expectation of regaining said minimum; or if a group designated as responsible for the Designated Fund ceases to function, the GPAFA reserves the right to dissolve the Designated Fund and its balance to the Generations Endowment.

G. Investment of Designated Funds. All Designated Funds shall be held and invested along with the Generations Endowment and be subject to increases and decreases in value based on fluctuations in those investments.

H. Annual Summary. The GPAFA staff shall prepare a summary of each Designated Fund's annual activity, and the summary shall be shared with the appropriate constituents.