

Fund Management Policies

*Receipt of Funds, Management of Funds
and Distribution of Funds*

**Southside Independent School District
Education Foundation**

**Adopted by the Board of Directors
April 4th 2016**

**Southside ISD Educational Foundation, Inc.
Fund Management Policy
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INTRODUCTION

This Fund Management Policies document shall be a permanently attached as an Addendum No. 1 to the Bylaws of the Southside ISD Education Foundation, Inc. effective its adoption by the Board of Directors on April 4th 2016, and as further amended by the Board.

SECTION 1 - TYPES OF FUNDS

The Southside ISD Education Foundation, Inc. (“Foundation”) by and through its Board of Directors, recognizes the following as primary and usual types of classes of funds:

1. **Undesignated Funds:** Money earned by the Foundation and money donated to the Foundation in such a manner that allows the Foundation full discretion (within policy and guidelines) relative to its use. This is the general operating account of funds management for the Foundation. Examples of its uses are the golf tournament, movie night and other events.
2. **Designated Funds:** Money given to the Foundation in which the ultimate use thereof is designated or restricted in part or whole, by wishes of the donor. The Board of Directors prior to acceptance shall approve receipt of such designated gifts.
3. **Endowment Funds:** Money given to the Foundation in which the ultimate use thereof is to provide a permanent corpus from which earnings can be used for designated or undesignated purposes. Each year, a percentage of the current year undesignated contributions shall be added to the Endowment Funds as specified in Section 2.3 below. The Endowment Fund's earnings may be used for undesignated or designated purposes as defined by the donor or Board. The principal of the endowment funds are permanently restricted.

SECTION 2 - GENERAL FUND MANAGEMENT

It shall be the policy of the Foundation to define an overall and effective management of all funds received. As such, funds should be managed based on the following formula:

1. **Beginning Balance - Undesignated Funds:** At the beginning of every fiscal year, the operating fund shall retain a balance of at most \$5,000 USD, to be used for the general operation of the Foundation.
2. **Grant and Scholarship Use of Undesignated Funds:** To fund teacher grants and student scholarships as approved by the Board of Directors of the Foundation and the Foundation's Grant and Scholarship committees. Any excess available funds, save at most \$3,000 USD, shall be transferred to the Endowment Fund prior to the end of the fiscal year.
3. **Transfer of Undesignated Funds to Endowment Fund:** A minimum of 5% of net Undesignated Funds to be distributed to the Endowment Fund and reserved for long-range savings and endowment purposes. Once the Foundation has reached 100,000 to 200,000 the board will reconviene to discuss transfers into the endowment funds.
4. **Endowment Funds:** Dividends and interests from Endowment Funds may be

managed as Undesignated Funds or reinvested at the discretion of the Foundation Board. Other distributions of Endowment Funds may be made only after Board approval.

5. **Gifts In Kind:** The management and disposition of these gifts shall be used as intended by the donor or if no use is designated, the disposition of these items should be defined by the Board at the time of receipt.
6. **Compliance:** There will be no discrimination in the acceptance or distribution of funds, which violates any federal, state or local law, ordinance or regulation.

SECTION 3 - DISTRIBUTION OF UNDESIGNATED FUNDS

All checks and disbursements are authorized by the Board of the Foundation for the purpose of the Foundation's operating expenses and grants and scholarships. All checks shall be signed by two (2) authorized Board Officers, whose signatures are properly on file with the financial institutions.

Distributions in excess of \$500 USD that are not confirmed in a budget approved by the Board shall require the approval of the Chair of the Investment Advisory Committee and either the Foundation's Chair or Vice Chair.

Distributions in excess of 2,500 USD shall require the approval of the Foundation Board.

A listing of all Foundation checks written shall be included in the financial reports presented during the Treasurer's report.

SECTION 4 - DESIGNATED FUNDS

Where a designated gift is specified for use in an ongoing Foundation purpose, the funds will be earmarked for that purpose. However, if a donor wants to establish a designated fund for a new project, the following guidelines shall be followed:

1. The utilization of such Designated Funds must be compatible with the aims and purposes of the Foundation as determined by the Board. The instructions concerning the utilization of such funds must be approved by the Board of the Foundation.

2. If such use is not compatible with the aims and purposes of the Foundation, the donor may be encouraged to change the designation to the Endowment Fund or modify the use to be compatible.

SECTION 5 - DISTRIBUTION OF DESIGNATED FUNDS

When funds are held for a specific or designated purpose, the distribution of such funds will be made according to the following procedure.

1. The recipient will submit to the Foundation a request in writing for the funds. The request will specifically state:
 - For what purpose the funds will be used
 - The amount of funds to be distributed
 - To whom the funds will be delivered
2. The Foundation will not make checks payable to individuals.

SECTION 6 - ENDOWMENT AND DESIGNATED FUND MANAGEMENT

It shall be the policy of the Foundation to reserve a portion of donated funds and the growth or interest on designated invested funds for long-range saving and endowment purposes. The Board of Directors shall set the amount as defined in Section 1, Types of Funds and Section 2, General Fund Management. Management fees for holding Designated Funds may be rendered if the Board of Directors deems appropriate.

SECTION 7 - MANAGEMENT OF GIFTS IN-KIND

For Gifts In-Kind without a designated purpose, the Foundation shall, at its own discretion and using any noted donor requirements or guidance, manage and distribute these gifts following other appropriate established and approved Board policies.

The Board shall have up to six (6) months to make decisions regarding the disposition or use of such Gifts In-Kind.

SECTION 8 - FISCAL AGENTS

The Foundation may designate such fiscal agents, investment advisors and custodians

as the Board of Directors may select by resolution. The Board of Directors may at any time, with or without cause, discontinue the use of the services and any such fiscal agent, investment advisor or custodian. No member of the Board of Directors may serve as a fiscal agent, investment advisor or custodian.

SECTION 9 - JEOPARDY INVESTMENT

The Foundation will make best efforts to invest and reinvest in such a manner that carries out the expansion of educational opportunities for which the Foundation is organized.

SECTION 10 - REASONABLE RETURN

The Board of Directors will take steps to assure that all of the trusts or funds that are a component part of the Foundation will be administered in accordance with generally accepted standards of fiduciary conduct to produce a reasonable return or net income.

SECTION 11 - FUND RECEIPTS AND REJECTION (GENERAL)

The Foundation reserves the right to accept or reject any Designated Funds or gifts for any reason it deems appropriate.

Funds and gifts will normally be rejected if:

1. The acceptance is not in keeping with the purpose of the Foundation.
2. The funds are not to be used in a manner that will further the purposes of the Foundation.
3. The acceptance of the funds or gifts may cause an unacceptable additional operational and/or financial burden on the Foundation.
4. The acceptance of such funds would violate any federal, state or local law, ordinance or regulation.

SECTION 12 - ANNUAL DISTRIBUTIONS

The Foundation will make annual distributions for one or more of the educational purposes for which it is organized. This includes administrative expenses and amounts

paid to acquire an asset used (or held for use) directly in carrying out one or more of its purposes.

For purposes of clarity, refer to Section 3, Distribution of Undesignated Funds.

SECTION 13 - VALIDITY OF FUND MANAGEMENT POLICY

This policy shall not expire and shall be reviewed by the Investment Advisory Committee at least every two (2) years from the date approved by Board. The Investment Advisory Committee may update the policy, and recommend changes, if any, to the Board. The Board shall vote to update/approve changes to said Fund Management Policy.