



Endowment Fund & Fund For The Future General Policy Statement

Purpose: Two endowed funds, designated as the Endowment Fund ("EF") and the Fund for the Future ("FFTF"), have been established to provide permanent sources of funding for the services provided by, and other charitable work of, AchieveKids.

The EF is dedicated to the general support of AchieveKids including, without limitation, its education programs, scholarship programs, faculty/staff development, and capital improvements, repairs or maintenance.

The FFTF is intended to support general operations and, at the discretion of a supermajority of the Board, to supplement the cash reserve for emergencies.

Designation: Gifts to AchieveKids may be designated for allocation to either of the two endowed funds by a donor or by the Board of Directors of AchieveKids (the "Board"). In the event of any inconsistency between the expressed intent of a donor and the terms of this Policy Statement with respect to the designation and allocation of funds, the expressed intent of the donor will govern.

Gifts designated as annual gifts will be allocated to the general operating fund and gifts designated or restricted for a specific program or purpose will be allocated to such specific program or purpose and will not be designated, allocated, or managed pursuant to this Policy Statement.

Gifts designated by a donor for the FFTF will be allocated to the FFTF in accordance with the donor's designation and intent. Additionally, funds derived from the following categories of gifts will be designated and allocated to the FFTF if, and only if, the balance of the FFTF is less than \$110,000 (without counting any such gift):

1. Gifts designated to established an Honor or Memorial Fund including gifts designated as "in honor of" or "in memory of" or other similar designation;
2. Unrestricted and non-designated gifts made by bequest, testamentary trust, life insurance beneficiary designation, or charitable remainder trust beneficiary designation;
3. Unrestricted and non-designated gifts of income from charitable lead trusts, pooled income funds, or retirement or savings plan beneficiary designations.

If, and whenever, the FFTF exceeds \$110,000, the amount in excess of \$100,000 will be transferred from the FFTF to the EF upon authorization of the Endowment Committee (and without the need for Board approval).

Gifts designated for the EF will be allocated to the EF. Additionally, funds derived from

the following categories will be designated and allocated to the EF:

1. Any and all unrestricted and non-designated gifts that are not allocated to the FFTF; and
2. Any and all funds transferred from the FFTF to the EF in accordance with this Policy Statement.

Exceptions to the designation and allocation of funds between the EF and the FFTF may be made only upon written recommendation of the Endowment Committee and with the approval of the Board.

Funds allocated to the EF and the FFTF may be co-mingled for management and investment purposes, with "shares" of the endowed funds being assigned pro-rata in accordance with the amount of each such fund, and revenues and expenses will be reported in accordance with such shares. Each of these endowed funds may include individual, specialized, named funds established by donor designation or Board designation for restricted or unrestricted purposes. Each share shall be accounted for according to the terms of any applicable gift instrument or, in the absence of such terms, as may be determined by the Board.

Investment Policy: Reference is made to the Endowment Fund – Investment Policy adopted by the Board at its regularly held meeting in July 2008, as such Investment Policy may be amended from time to time by the Board.

Spending Policy: Until changed by Board action, the annual payout from the EF will not exceed an amount equal to the average annual dividend and interest income amount of the EF earned during the most recently completed five calendar years, but in no case will donor-designated gifts to the EF be expended (i.e., principal will not be invaded). Over time, it is expected that the annual payout will constitute only a portion of the EF's total return (income and appreciation), thus building up the principal amount of the EF over time, offsetting inflation, and preserving the purchasing power of the EF. The Endowment Committee shall annually review the EF spending policy and may recommend changes to the Board. On an annual basis, the Endowment Committee will review the average annual dividend and interest income amount of the EF earned during the most recently completed five calendar years and recommend an amount to be transferred from the EF to AK's operating fund, if any, for the Board's consideration.

Generally, and subject to further action of the Board, the annual payout from the FFTF will also not exceed an amount equal to the prior year's dividend and interest income of the FFTF. However, by a supermajority vote of 2/3 of the directors at two consecutive regular meetings of the Board, the Board may invade and disburse the principal of the FFTF for any purpose it deems appropriate. The Endowment Committee shall annually review the FFTF spending policy and may recommend changes to the Board.

Stewardship: A status report will be sent to endowed funds donors on a periodic basis, but not less than once a year showing the value of the EF and the FFTF, and how the EF and FFTF further the mission of AchieveKids. The periodic report may be included as part

of the AchieveKids donor report. Donors will be recognized in an appropriate manner, which may include listings in printed materials, at major donor events, and on a designated donor wall as determined by the EF.

Documentation: Written acknowledgment of all gifts to an endowed fund shall be retained along with any communication regarding bequests, testamentary trusts, or other estate planning documents. These items are to be filed in a secure manner to ensure understanding of all parties.

Gift Acceptance: Gifts, other than outright contributions or pledges of cash, cash equivalents, or publicly traded securities, must be approved in writing by the Endowment Committee with written report to the Board. All prospective donors will be urged to consult their own counsel in matters pertaining to their gift planning, taxes, and estate planning activities. Any arrangements requiring continuing financial management by AchieveKids shall be reviewed and approved by the Endowment Committee and also approved by the Board before any agreement is executed.

Contingencies: If an endowed fund, or specially designated portions of an endowed fund, can no longer be used as originally intended by the donor/s, such donor/s shall be notified for appropriate disposition of the fund within Achievekids. If such donor/s can no longer be reached, the Board will make the determination as to how such fund will be used