



## Managed Funds Policy

### I. Introduction

This document serves as the Restricted and Managed Funds Policy of Alexandria Country Day School (the “School”), as established by the Board of Trustees of the School in accordance with the Bylaws of the School. The purpose of this policy is to define a select group of funds and to describe what they are for and how they operate.

### II. Definitions

**Board of Trustees** means the Board of Trustees of the School, as constituted under the Bylaws.

**Bylaws** means the Bylaws of the School, as amended by the Board of Trustees from time to time.

**Finance Committee** means the Finance Committee established under the Bylaws of the School.

**Investment Committee** means the Investment Committee established under the Bylaws of the School.

**Managed Funds** means those funds whose assets are commingled with the assets of the Endowment Fund.

### III. Funds Management Philosophy

The Board of Trustees, in exercising its fiduciary and other responsibilities, must be concerned with both current and future school funding. This policy has been established to help fulfill these duties, attempt to secure financial stability for the School, and promote the School’s mission.

### IV. Management

The assets of the Managed Funds are commingled and invested in accordance with the terms of the Investment Policy of the School. Separate spending guidelines are established

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for each fund. Earnings of the commingled assets are allocated to each fund based upon the rules established in this policy.

## **V. Managed Funds**

### **A. The Endowment Fund**

#### **Purpose of the Fund**

The Board of Trustees, in exercising its fiduciary responsibility, must be concerned with both current and future school funding. The Endowment Fund has been established to help fulfill this duty; secure financial stability and promote the mission of the School and the Alexandria Country Day School Community by supporting such programs and tasks as (i) Program enrichment beyond the standard curriculum to maintain the School's standard of excellence and strengthen its academic life (ii) providing up-to-date textbooks and the technological means to enhance the students' learning experience (iii) Broadening of our fine arts curriculum (iv) Library Enhancement and Expansion (v) hiring the best available and qualified teachers, staff and administrators and providing teacher benefits (vi) maintaining the quality of the School's buildings, infrastructure and furniture and fixtures and (vii) granting financial assistance and/or scholarships to deserving students who might not otherwise attend the School and

The Endowment fund is held in pooled investments that consist of permanently restricted and board designated funds. Earnings from the fund are reported as unrestricted-board designated net assets. The School intends to let the **combined** investments grow to approximately \$1 million dollars before distributing any income. **However, the Board of Trustees may distribute all, or of part of the earnings from the fund, at the School's request, at any time for any approved charitable, cultural, educational, or scientific purpose of the School.**

#### **Funding Sources**

Gifts to the Endowment Fund are made with the intention that the gift will endure in perpetuity.

From time to time, the Board of Trustees may designate funds as endowment funds and cause such funds to be added to the Endowment Fund.

#### **Fund Restrictions**

Contributions made by donors to the Endowment Fund are permanently restricted and may not be spent.

**Funds not designated by the donor as Endowed Funds may be designated by the Board of Trustees as Managed/Investment funds. Managed/Investment funds, along with the earnings of the Endowment Fund, are unrestricted.**

#### **Spending Guidelines**

The School's annual operating budget, as recommended by the Finance Committee and approved by the Board of Trustees, may include funding from the Endowment Fund. The amount **typically** recommended by the Finance Committee for inclusion in the operating budget is limited by factors described below:

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1. If the pooled investments of the Managed Funds consist of approximately \$1 million dollars, a recommended transfer amount is calculated for a fiscal year. The recommended transfer amount is calculated as a designated percentage of the Managed Fund's market value. Specifically, for the budget each fiscal year, the recommended transfer amount is calculated as three percent of the average quarter-end Managed Fund balance for the oldest three years of the previous four fiscal years. (By way of example, the budget for the fiscal year commencing June 1, 2014, uses the average quarter-end Managed Fund balance from June 1, 2010 through May 31, 2013, to calculate the recommended transfer amount).
2. A vote of the Board of Trustees is required for the budgeted amount of the transfer from the Managed Fund to the operating fund to exceed the recommended transfer amount as calculated above.
3. If the amount included in the operating fund budget is less than the recommended transfer amount for that fiscal year, the amount not included in the operating fund budget will be directed to an operating reserve fund. The purpose of the operating reserve fund is to supplement the maximum transfer amount in years when additional funding is needed in the operating fund budget. Transfers from the operating reserve fund are approved by the Board of Trustees as part of the operating budget approval process.

#### Earnings Allocation

Earnings are allocated proportionately to the Endowment Fund and all other Managed Funds.

### **B. Other Managed Funds**

#### **i. The Investment Fund**

Funds not specifically allocated to The Endowment Fund (or other specified fund) will be considered part of The Investment Fund. The purpose of The Investment Fund is to help the School endure in perpetuity. However, the assets of The Investment Fund may be utilized at the discretion of the Board of Trustees.

#### **ii. New Funds**

From time to time, funds may be created by the Board of Trustees or established in concert with one or more donors. If/when the fund is established, it is identified as one of the Managed Funds and its assets will be commingled with the assets of the other Managed Funds.

#### **iii. Assets of Other Funds**

From time to time, assets of other funds may be invested with the assets of the Managed Funds.

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**Earnings Allocation**

Income allocated to this fund will be based upon the applicable rates earned by this fund.

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