

**STATEMENT OF THE RELATONSHIP OF  
THE \_\_\_\_\_ EDUCATIONAL FOUNDATION TO  
THE \_\_\_\_\_ FRATERNITY**

The \_\_\_\_\_ Educational Foundation, Inc., (Foundation) is a separately incorporated 501 (c) (3) non-profit organization created to raise, manage, distribute and steward resources to encourage, support and advance the educational and leadership training programs of the \_\_\_\_\_ Fraternity, Inc., (Fraternity).

The Foundation board of directors is responsible for the control and management of all assets of the Foundation, including the prudent management of all gifts consistent with donor intent. The Foundation will include in its board of directors the board of directors of the Fraternity but will keep the percentage that the Fraternity board members represent of the Foundation board of directors to a maximum of 25% of all Foundation board members.

The Foundation is responsible for the performance and oversight of all aspects of its operations based on by-laws that clearly address the board's fiduciary responsibilities, including but not limited to expectations of individual board members based upon ethical guidelines. The Foundation will have no right of control or oversight of the management of the Fraternity.

The Foundation is responsible for the employment, compensation and evaluation of its employees. It is specifically responsible for the employment and evaluation of the President of the Foundation and delegates the employment, compensation and evaluation of other employees to the President.

The Foundation is responsible for establishing a rate at which a percentage of net assets will be granted to the Fraternity for educational and leadership development programs of the Fraternity. The rate used will be consistent with maintaining the corpus of the Foundation in perpetuity, which may require modifying the rate to adjust for adverse economic conditions. Such grants will be made on the basis of a grant request signed by the Executive Vice-President of the Fraternity, stating the purpose, supervision and expected outcome of the grant. The Foundation will expect an audit report that confirms the funds were expended as requested and an analysis of the success of the grant in achieving its purpose.

The Foundation is responsible for informing the Fraternity of the performance of funds under the Foundation's management and for keeping the Fraternity aware of any circumstances that might affect the rate of distribution from net assets in the future.

Adopted by the Foundation on \_\_\_\_\_ (date).

**DISCLAIMER--**This document provides one example of such a policy. Other approaches are possible and may be advisable for your organization. **Organizations should seek their own legal counsel before adopting any policy statement or procedure regarding this matter. NICF makes no legal opinion as to the validity of this document.**