



SIGMA PI

CHAPTER EDUCATIONAL FUND





What Is the Chapter Educational Fund?

In response to alumni demand for a tax-deductible option to provide financial support to their local chapters, the Sigma Pi Educational Foundation (the Foundation), in consultation with Sigma Pi Fraternity, has developed the Chapter Educational Fund (CEF) Program.

Unlike the Foundation, local chapters and housing corporations are not tax-exempt under section 501 (c) (3) of the Internal Revenue Code. As such, alumni that provide direct financial support to local chapters and housing corporations are not permitted to receive the benefit of any tax deductions. The CEF Program allows donors to make charitable gifts that specifically and directly address the needs of their local chapter.

The alumni members of any active or dormant chapter (including the members of any colony) of Sigma Pi Fraternity are welcome to establish a CEF with the Foundation. The Foundation will manage all gifts to the CEF as restricted gifts for the sole benefit of the chapter and its members.

How It Works

The Foundation has the power to establish a separate investment account for each chapter, colony and alumni association of Sigma Pi. The contributions can be designated for a specific chapter or colony and alumni association and used for qualifying educational or charitable uses.

Requests for funds require the chapter's CEF Local Advisory Committee (LAC) and the Foundation Scholarships & Grants Committee to approve the use and confirm that the request meets a qualified charitable use. No funds will be disbursed from the CEF account without the request of the LAC and the approval of the Foundation. To receive the final payment of the grant or scholarship, the LAC must provide the Foundation a request form and with copies of invoices or other documentation supporting the amount of the payment request.

The funds can provide scholarships on behalf of any chapter, colony, or alumni association of Sigma Pi Fraternity. They can assist interested chapters in creating and administering scholarship programs. Scholarship awards are not limited to members of the Fraternity; scholarships can be provided to any member of the general public.

Allowable Uses of CEF Donations

The typical support the Foundation provides takes four forms:

- Service projects and support for qualified charities
- House construction and renovation
- Educational scholarships for post-secondary education
 - * Educational scholarships may be based on academic merit, leadership potential, community service activities, or financial need.
 - * Scholarship recipients must be enrolled in an accredited post-secondary education programs including technical schools, undergraduate programs, graduate programs, doctoral programs, and seminary schools
- Educational grants
 - * CEF can provide grants for registration fees, presenters, facility rental, travel, lodging, supplies and related expenses for educational and leadership skills events and activities
 - * Events and activities that DO qualify for educational grants:

<ul style="list-style-type: none"> > Educational events at Province Conferences > Mid-Year Leadership Conference > Tony Siress Leadership Summit > NIC Sponsored Programs > Educational speakers, presenters, and faculty honoraria > Chapter educational or team-building retreats > Risk Management Education 	<ul style="list-style-type: none"> > Tutoring Services > Chapter New Member Education (Seminars focusing on best practices and how to improve pledgeship for new members) > Character and values-based leadership programs > Educational programs on health issues such as eating disorders, AIDS, alcohol abuse, substance abuse, depression, sexual assault, and hazing
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- Activities that DO NOT qualify include political activities, a chapter's pledge education program, and events that are administrative activities of a chapter including:

<ul style="list-style-type: none"> > Chapter Officer Training/ Transition Workshops > Chapter planning retreats (annual planning events) > Convocation Expenses 	<ul style="list-style-type: none"> > General chapter new member education > Recruitment events > Political Conventions
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Other conferences and events may partially or fully qualify as educational conference events. The amount of the coverage will depend on the educational opportunities provided by the event. The basis of the educational grants for leadership training in furtherance of its educational purposes is that each participant receives training to improve skills and capabilities that can be used in any organization. There are situations where a chapter-operated educational activity will not qualify for funding; however, training on how to better operate those chapter educational activities will qualify. Confirm eligibility with the Foundation staff.

Allowable Uses of CEF Donations

Service Projects and Support for Qualified Charities

Expenses and seed-money related to the conduct of public service projects can be funded by the CEF. Direct donations to qualifying 501 (c)3 organizations can be requested. Reasonable expenses may include supplies, meals, travel, lodging, informational brochures, advertising, etc. when in support of a qualifying service project.



Types of qualifying events

Sweat Equity Events

- An event where labor is provided to perform a service, improve a facility, perform a fundraiser, or support a charity.

Fundraising Event Seed Money

- Seed money to perform a fundraising event where the proceeds will be used to support a charitable cause or a 501(c)3 organization. It is usually expected that the seed money provided is reimbursed to the Foundation and that the proceeds above operating expenses will go to the designated charity.

Direct Donations to Qualified Charities

- Direct donations to qualifying 501(c)3 charities can be made from a CEF.

Allowable Uses of CEF Donations

House Construction and Renovations

It is crucial that we follow Internal Revenue Service guidance restricting grants made for construction or renovation of chapter house educational spaces. Foundation grants for chapter house improvements must serve only educational purposes and do not further non-permissible purposes such as the social, recreational, or private interest of the Fraternity or its members. The IRS has provided an analytical framework. This framework includes examples of the types of expenditures that are related to chapter houses, such as those that are educational, and those that are not, through private ruling and other pronouncements.

Examples of Permissible Improvements

- Study rooms or study areas
- Libraries (including books and academic files)
- Computer rooms (including computers, software purchases and educational technology upgrades)
- Internet wiring
- Leadership training rooms
- Audiovisual rooms
- Furniture and equipment for educational areas
- Desks, chairs and other approved furnishing in rooms
- Fire detection and prevention equipment for educational areas
- Operating expenses for educational areas

Examples of Non-Permissible Improvements

- Long-distance telephone services
- Laundry facilities
- Dining areas
- Sleeping quarters
- Fitness facilities or equipment
- Mixed use areas such as common hallways or rooms that are used interchangeably for social or recreational and educational purposes; an item or area will not be considered mixed use where there is minor social or recreational use, such as reception occasionally held in study or library areas.

The IRS is not bound by prior private rulings and may find that one study room serves an educational purpose while another one does not. Whether any particular expenditure serves an educational purpose depends on the facts and circumstances of each case. Do not hesitate to contact the Foundation at SPEF@sigmapsi.org if you need further guidance about these rules or related required grant agreements.

CEF Funding for Non-Educational Purposes

CEF balances in excess of ten thousand (\$10,000) dollars will be available for financing eligible projects upon the request of the Local Advisory Committee (LAC) and the approval of the Foundation. Any financing requests must qualify as prudent investments with final authority of the Foundation. Accordingly, a financing request should only be made if there is adequate collateral or additional security interests available. Financing provided by the CEF will generally earn interest at a commercially reasonable rate and is subject to other customary terms and conditions to be outlined in a Term Sheet. One-half of interest income resulting from loans from the CEF funds shall be deposited back into the CEF. The other half of interest income resulting from loans from the CEF funds shall be deposited into the Foundation's general fund. For example, if a chapter wants to add an addition to their house, alumni contribute to the CEF and receive the tax deduction. The housing corporation then borrows money from the CEF and makes payments to the Foundation at the local prevailing interest rate until the amount borrowed is repaid. Loans made from CEF funds will be fully underwritten by the Foundation and documented similarly to any commercial mortgage.

What You Should Know

The Local Advisory Committee (LAC) for each CEF account may request funds by completing a CEF Disbursement Form and forwarding it, along with any supporting documentation, to the Foundation office (SPEF@sigmapi.org).

Requests should be made at least two weeks in advance and will be processed within 14 days. Requests for funds in less than two weeks notice cannot be guaranteed.

- Each CEF account may make up to two funding requests per semester/quarter. Additional withdrawals may be made for an additional charge per check request.
- All requests for disbursement do not constitute a commitment by, or contract with, the Foundation to disburse funds.
- All requests for disbursement must include any documentation and other information needed to verify use of any disbursed funds, as requested.
- Any funds disbursed as a result of this request, but not used for the purposes set out in this request, must be returned to the Foundation.



Frequently Asked Questions

If you have any additional questions that are not covered below, please do not hesitate to contact the Foundation at SPEF@sigmapi.org.

Who provides the financial support to fund a CEF?

The Foundation has received CEF donations from all of the following constituencies: alumni who graduated from the local chapter, alumni living within proximity to the local chapter, parents of new members and undergraduate members, previous scholarship award recipients from the local chapter, friends of Sigma Pi Fraternity, and local businesses providing services to the local chapter, among others.

Who determines which requests the CEF will fund?

The Foundation shall receive advice and guidance from a Local Advisory Committee (LAC) selected by the Chapter, consisting of at least three (3) members, one (1) of whom serving as Chairman. The Committee shall provide general advice to the Foundation as to the disbursements and

administration of the CEF; however, the Foundation shall retain ultimate decision-making authority as to all matters related to the CEF. The LAC shall determine how and when its members are selected and update the Foundation as to its membership, with contact names, phone numbers, and email address annually and within thirty (30) days of any changes.

Does a CEF accrue earnings and grow over time?

Yes. The CEF account is maintained in a fixed income account (money market, savings, or certificate of deposit) until it grows to \$10,000, the required minimum threshold to request disbursements. Once the CEF account reaches \$10,000, the LAC is then able to request that the CEF funds be moved into a managed investment account. While the LAC members are welcome to submit suggestions on investment strategies, discretion as to the specific investment allocation of these managed accounts must be maintained by the Foundation's Board of Trustees.

FREQUENTLY ASKED QUESTIONS

Are there any fees associated with the CEF program?

Yes. In addition to any direct expenses incurred with respect to the CEF (for example, but without limitation, Brokerage Costs as defined below), the standard annual fee of two percent (2.00%) of the fund balance will be assessed by the Foundation (the “Management Fee”). The Management Fee shall be based upon the balance of the CEF account at the end of the Foundation’s fiscal year. The Management Fee shall be automatically deducted from the CEF balance at the time of assessment. At such time as the CEF balance shall reach thresholds as defined in the Foundation’s High Value Fund Policy, as amended, the Management Fee shall be discounted accordingly.

What is the minimum gift size that can be made to a CEF account?

There is no minimum gift size. Younger alumni members may choose to support their local chapter by donating \$18.97 to the local CEF account. Other, more established alumni members may choose to make long-term gifts through an executed gift agreement with the Foundation. If you are interested in different gift options, please contact the Foundation at SPEF@sigmapi.org.

What happens to a CEF if the local chapter is closed?

If the Chapter closes, the CEF shall maintain all funds to benefit a recolonized Chapter, should it occur. If Chapter re-colonization does not occur within ten (10) years, the entire CEF balance may be transferred into the Foundation’s general fund.

What is the minimum CEF account size?

To establish the CEF account, the Chapter shall submit to the Foundation, within ten (10) days of the Effective Date, an initial deposit of at least \$1,000. A failure to submit the initial deposit within the time required will render this Agreement null and void. Within three (3) years of the Effective Date, the total balance of the CEF account must be at least \$10,000. If the Chapter has failed to fully fund the CEF within the three-year timeframe, there will be a collaborative meeting between the LAC and the Foundation, to determine a possible extension of the deadline, and plan for future funding of the CEF, or the winding down of the CEF if necessary, in accordance with all applicable federal and state laws. Absent an extension, the CEF must maintain a fund balance of \$10,000 dollars at all times after the initial three-year period

For more information, visit us online at

sigmapiedfund.org

Contact Information

Want to learn more? Contact the Executive Office at SPEF@sigmapi.org

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