



P.E.O. Foundation  
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# Establishing a Fund in the P.E.O. Foundation

## Required Minimum US \$5,000 Permanent Balance

A fund may be established with an initial deposit of US \$1,000 toward a required minimum permanent balance of US \$5,000 which must be reached within five (5) years. After a fund reaches the US \$5,000 minimum, amounts above the minimum may be awarded in compliance with the **Statement of Operation**. Additional contributions may be given at any time and should be payable to the P.E.O. Foundation with a memo indicating the name of the fund.

## Canadian Funds

Contributions may be made in either Canadian or U.S. currency. All Canadian gifts will be directly deposited into a U.S. bank account and converted to U.S. dollars for record-keeping and investment purposes.

## Separate Named Account

A separate ledger account is established for each fund held in the P.E.O. Foundation. Each fund's share of income and expenses, along with investment gains and losses, are recorded here, as well as additional deposits and disbursements.

## Income and Expense Prorated

All funds administered by the P.E.O. Foundation are invested on a pooled basis with total income allocated on a pro rata basis. The investment pool is professionally managed and well diversified. Foundation operating expenses are also prorated among all funds held. Expenses typically average less than 1% of the fund balance.

## Types of Funds

### Transfer Funds to P.E.O. Educational Project(s):

Donors may establish a fund with the income automatically transferred each November or accumulated until sufficient to pay awards as stipulated in the **Statement of Operation**. An **Annual Activity Statement** will be sent each year showing the amount of funds available for transfer. Transfers are to be made to one or more of the qualified educational and charitable projects of P.E.O. If transfers are to be divided between two or more of the P.E.O. educational projects, that division must be equal.

### Undesignated Funds:

Funds may be established for the benefit of the P.E.O. educational projects without the donor having to determine the exact distribution of income. Donors may leave that decision to the P.E.O. Foundation Board of Trustees. The income is distributed annually based upon research by the P.E.O. Foundation Board of Trustees into current needs of the P.E.O. educational projects. In order to establish a fund under this option, the donor must allow the income to be distributed to any of the P.E.O. educational projects.

### Cottey College Scholarship Funds:

Funds may be established for payment of Cottey College scholarships. Scholarships will be paid directly to Cottey College for a student who has been chosen by your scholarship committee. An **Annual Activity Statement** will be sent each year showing the amount of funds available for scholarship payout. Amounts over US \$4,000 will be paid in two (2) installments. Scholarships of US \$4,000 or less are paid in a single payment.

### General Scholarship Funds:

Funds may be established for payment of scholarships. Scholarships may be paid to the recipient or to her account at the school in which she is enrolled. Recipient must be a citizen or legal permanent resident of the U.S. or Canada and must be able to provide proof of such if requested. Recipient must be enrolled in a post-secondary school in the U.S. or Canada. Study abroad is permitted, provided the student is enrolled in a U.S. or Canadian institution. No scholarship fund shall be established whereby the income is transferred to a school or other foundation for their selection of recipients. An **Annual Activity Statement** will be sent each year showing the amount of funds available for scholarship payout. Amounts over US \$4,000 will be paid in two (2) installments. Scholarships of US \$4,000 or less are paid in a single payment.

## Statement of Operation

Upon receipt of the initial deposit of US \$1,000 or more, together with the **Form to Establish a Fund in the P.E.O. Foundation**, the P.E.O. Foundation staff will prepare a **Statement of Operation**. This document determines how the fund will operate. The **Statement of Operation** must be signed and returned to the P.E.O. Foundation office by the donor within 90 days, or by default, the fund will become an Undesignated Fund. While changes to the **Statement of Operation** are allowed, they may be made no more than once every three (3) years.

## Annual Activity Statement

An **Annual Activity Statement** will be prepared by the P.E.O. Foundation: in November for transfer funds or undesignated funds; in January for state/provincial/district chapter scholarship funds; and in February for local chapter or individual scholarship funds. These statements report the amount of income available for transfer or scholarships.

## P.E.O. Foundation Requirements

In an effort to administer the large number of P.E.O. Foundation funds efficiently, the following policies have been implemented:

### Spending Policy

An annual spending policy is determined by the P.E.O. Foundation Board of Trustees. This policy determines the portion of capital gains to be spent and the portion to be retained as principal. No variation from the P.E.O. Foundation's spending policy will be allowed. Any spendable income not awarded will remain in the fund, continue to earn investment income and be included in the amount available the following year.

### Funds Non-Transferable

Transfers of income from one P.E.O. Foundation-administered fund to another such fund are not permitted. Donors who wish to support a current fund should make their contribution directly to that fund.

### Non-Compliant Funds

A fund that is not fully funded with the requisite US \$5,000 minimum balance five (5) years from the date it is established shall be terminated and the balance shall be distributed as part of the undesignated funds of the P.E.O. Foundation.

### Funds Non-Returnable

All gifts or donations become part of the P.E.O. Foundation and must be used for P.E.O. educational or charitable purposes. Due to IRS tax regulations, once funds are in the P.E.O. Foundation they cannot be returned to the individual donor or to the local or state/provincial/district chapter from which they were received.