

# The Delphi Foundation



## The Delphi Foundation Policy on Encumbered Funds

**WHEREAS** Delphi supports various units of the fraternity (Chapters, Colonies, Alumni Associations) by providing a means to accept charitable donations, and

**WHEREAS** it would be desirable to support long term investment of these funds, i.e., to create endowments for specific purposes, and

**WHEREAS** it would be expected that the money would be invested so as to increase in value over time, and

**WHEREAS** the original donors of the funds could reasonably expect that most of the benefit of such increase would accrue to the endowment that they had established, and

**WHEREAS** there is an inherent overhead expense in the operation of any corporation which should be equitably shared by the beneficiaries of the services provided,

**THEREFORE BE IT RESOLVED** that the Delphi Foundation adopts the following policy regarding intake and management of encumbered funds:

### Policy on Encumbered Funds

1. *Fund Structure.* Each encumbered account shall be divided into a number of shares, each share representing a fraction of the value of the account. Fractional shares are allowed of up to four (4) decimal places.
2. *Acceptance of Donations.* The Delphi Foundation shall accept funds for specific purposes and/or to be held in trust for a Chapter, Colony, Alumni Association, or other unit of the Fraternity. Upon the receipt donations, the current value of the specified Delphi Fund(s) shall be computed and divided by the number of shares outstanding to determine the current share price. The donated amount shall then be divided by the share price to determine the number of shares.
3. *Redemption of Shares.* Shares shall be converted to cash and dispersed by applicable formal application process, according to IRS guidelines for use in charitable activities that qualify under section 501(c)3 of the IRSC, upon request of a beneficiary.
4. *Expenses and Maintenance.* The Delphi Foundation shall be authorized to make withdrawals from funds to cover expenses relating to maintaining the investments. The Foundation shall set a monthly maintenance fee percentage (e.g., 1% APR/12=0.0833% per month) which shall be deducted at the beginning of each month from the total assets in the encumbered account.
5. *Loads.* As an incentive for long term investing and because of the increased maintenance costs associated with short-term deposits, the Delphi foundation shall establish the following additional loads for funds withdrawn in a short period of time: less than one year, 5%; between 1 and 2 years, 4%; between 2 and 3 years, 3%; between 3 and 4 years, 2%; between 4 and 5 years, 1%; greater than 5 years, none. These loads shall be subtracted at the time of withdrawal. For any requested withdrawal, the Foundation shall use the least possible load based on deposits into the encumbered account (i.e. the longest held funds shall be redeemed for withdrawal first).