

Grand Rapids Lions Club Charities
Foundation Fund
Operating Guidelines and Investment Policy
June 30, 2023

Effective June 30, 2023, the Grand Rapids Lions Club will establish an internal foundation. The name of the fund will be _____. The purpose of this fund is to allow donors an alternative to donations being sent to the Grand Rapids Community Foundation. The donations placed in this fund will be used to support charities each year with a spendable balance of 5% of 3-year end average assets. The fund will also allow some flexibility to the Board. The Board will be able to spend up to 25% of the assets to fund special projects, but not more than once in 5 years.

Operating Guidelines

Article I – Governance.

- A.) The fund will be governed by the Executive Committee and at least one additional person, preferably from the Legacy Committee or similar committee, plus an at large member who is considered an investment advisor if such a person is not already on the committee. The chairperson of this committee will be the treasurer of the club.
- B.) This group will be referred to as the Foundation Committee and will at least annually review investment results.
- C.) This group may make suggestions for changes in operations to the full Board.

Article II – Objectives and Constraints

- A.) The goal is to generate reasonable gains over time based on risks as determined by the foundation committee.
- B.) The annual spending rule is 5% of the average assets over the last 12 quarterly balances. No spending will occur in the first 4 years of the fund as a means of building the fund. The first spendable amount will be declared on June 30, 2027, and may be spent during the year ending June 30, 2028.
- C.) The intent is to generate interest, dividends and long-term gains over a very long-term period.
 - a. The benchmark for return results will be the 60% S & P 500 and 40% Barclay's Aggregate Bond Index.

Article III – Portfolio Parameters

- A.) Asset allocation will be at the discretion of the foundation committee. As of this date, an ideal allocation would be:
 - a. Cash as need for annual distributions
 - b. 10 – 50% in fixed income
 - c. 20 – 70% in equities
- B.) The foundation committee should invest in fairly liquid and broadly diverse assets traded on a US exchange. The committee should not invest in non-publicly traded real estate.

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Article IV – Reporting

- A.) The committee should report to the full Board as frequently as needed but not less than annually. A report to the full membership shall be published in a newsletter or via equivalent means showing return on assets and spendable amount for each year.

Article V – Custodian

- A.) The custodian of the funds will not be related to any member of the foundation committee. Reasonable fees should be a consideration. The initial custodian should be Charles Schwab.

Article VI – Miscellaneous Provisions

- A.) The fund may be terminated at the discretion of the Board. The net assets should be transferred to the Grand Rapids Community Foundation.
- B.) Estates set up after June 30, 2023 and donating to the Grand Rapids Lions Club Charities who do not specify where assets are to be placed will by default go to this fund. Estates set up prior to June 30, 2023 will be presumed to go to the Grand Rapids Community Foundation.
- C.) Allocations from future fund raisers held throughout the year will be placed into this fund unless other arrangements are made by the Board.
- D.) The Committee is responsible to comply with all rules and regulations for a 501 (c) (3) entity. Currently, only 1/3 of gross receipts can come from interest, dividends and capital gains. Amounts above that can cause problems with the 501 (c) (3) status.