

**P.E.O. FOUNDATION**  
**OPTIONS FOR ESTABLISHING NEW FUNDS**

In order to keep administrative expenses at the lowest possible level, all **new** funds must be established using the following guidelines:

For all new funds, a minimum initial deposit of \$1,000 US dollars is strongly encouraged, with four years allowed to reach the minimum balance of \$5,000 US dollars (Canadian provinces have five years to meet the minimum balance). Until a fund reaches the \$5,000 minimum, no awards can be made, and it is excluded from our allocation of realized investment gains or losses, although it will receive interest income.

***Option # 1 – Annual Income Transfers***

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. Transfers are to be made to one or more of the qualified educational and charitable projects of International Chapter. If transfers are to be divided between more than one project or charity, that division must be equal. For example, if all five International projects were to benefit, the division must be 20% of income to each.

***Option #2 – Scholarship Funds***

Funds may be established for payment of scholarships. Upon reaching the \$5,000 principal balance, income will be available for scholarships. Contributions may be designated for current scholarship spending rather than added to principal in order to meet a specific scholarship amount, so long as the \$5,000 minimum balance is maintained. Scholarships may be paid to the recipient, or to the school in which she is enrolled. No scholarship fund shall be established whereby the income is transferred to a school for their selection of recipients. Amounts of \$2,500 or more are paid in two installments. Installments for smaller amounts are not allowed.

***Option #3 - Undesignated***

Funds can be established for the benefit of the projects without the donor having to determine the exact distribution of income. Donors can leave that decision to the current trustees of P.E.O. Foundation. All undesignated funds are distributed in November based upon P.E.O. Foundation trustees' research into current needs of the projects.

In order to establish a fund under this option, the donor must allow the income to be distributed to any of our five International projects.

***STATEMENT OF OPERATION***

All funds are to have a Statement of Operation that determines how the fund will operate and must be selected from one of the above options. Deviations from the P.E.O. Foundation spending policy are not permitted.

***INCOME***

Spendable income will be determined by (1) the spending policy adopted by P.E.O. Foundation Trustees; (2) specific award amounts established in Statement of Operation; or (3) by spending the excess fund balance over a set principal balance. This must be determined in the statement of operation. While the Statement of Operation can be changed, yearly flexibility cannot be allowed.

The option of returning a portion of spendable income to the principal is not permitted.

***TRANSFERS BETWEEN FUNDS***

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.