



Educational Area Grant Program

Alpha Gamma Delta Foundation
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A Commitment to Education

As a component of its commitment to education, the Alpha Gamma Delta Foundation assists universities in providing facilities and educational equipment which support academic success. It does so through its Educational Area Grant Program.

There are two versions of the Educational Area Grant Program; both are similar in concept and process.

1. One is for new construction or major renovation of a chapter house.
2. The second is for those projects of smaller scope:
 - The conversion of non-educational areas into educational space and/or the renovation of one or more existing educational areas of a chapter house (library, study room);
 - The purchase of educational equipment and/or educational materials (desks, chairs, computer equipment);
 - The installation, configuration and maintenance of a house-wide computer network and Internet accessibility.

The Alpha Gamma Delta Foundation is a 501 (c)(3) public charity, tax-exempt organization. Its mission is to "impact and enrich our communities by providing essential support for education, philanthropy and leadership."

The Alpha Gamma Delta Foundation provides support for Alpha Gamma Delta Fraternity through grants for its educational, philanthropic and leadership work; to our communities through philanthropic and leadership grants, and to our Alpha Gamma Delta sisters through (under)graduate scholarships, continuing education grants and emergency financial assistance.

How does the Educational Area Grant Program work?

For purposes of this program, a collegiate chapter house can be divided into two sections: those areas of the house used exclusively for educational purposes (study rooms, libraries, etc.) and the remainder of the house.

Collegiate chapters and local house associations are non-profits - (501(c)(7) or 501(c)(2) - however they are **not** charities. Therefore, donations made to house associations or chapters for construction and remodeling projects do **not** provide a tax benefit to the donor. When a chapter or house association participates in an Educational Area Grant Program, donations raised locally by alumnae for the educational portions of the project are made directly to the Alpha Gamma Delta Foundation, providing a tax benefit to the donor. Through a grant agreement

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between the Foundation, the house association and collegiate chapter, such funds are then granted back to the house association as reimbursement of expenses related to the educational portions of a construction project. The local chapter and alumnae are responsible for the fundraising campaign. The chapter and alumnae may also raise non-tax-deductible donations for the non-educational portions of the project per Fraternity policy.

How may the grants be used?

Educational Area Grants may be used for:

- **Construction** and purchase of wholly educational areas of a chapter house.
- **Purchase** of educational equipment and materials.
- **Establishment** of a fund for maintenance and operation (can include real estate taxes) for the educational areas.
- **Installation** of fire alarms, smoke detectors and internal sprinkler systems for the wholly educational areas.
- **Funding** for installation, configuration and maintenance of a house-wide computer network and internet access of the chapter house.

In all cases, the grant may be used by the local house association only for items like those provided by the local university to its general student body.

All areas and furnishings must be used exclusively for educational purposes; the IRS does not allow any mixed uses. For example, neither study rooms with beds or dining rooms qualify as wholly educational space, and thus do not qualify as educational area grant space.

What types of spaces qualify for Educational Area Grants?

There are six types of spaces that qualify as wholly educational areas for purposes of educational area grants:

1. **Study rooms** for individual or group study projects.
2. **Libraries** for individual study or group study projects. In addition to facilities for maintaining reference works and course materials, the libraries should also have desks, tables or carrels for individual use.
3. **Computer rooms** for individual study or group study projects. These rooms would be equipped with desks or tables, computers and other equipment to permit tie-ins to study rooms and libraries, as well as university computer facilities where feasible.
4. **Drafting and educational work rooms** for individual study or group study projects. These rooms will have equipment and study areas for students in engineering, architecture, graphic design and fine arts, and may also have laboratory equipment and space for science students.
5. **Leadership training rooms** which may contain visual and audio aids and other equipment that will aid students in developing their skills in speaking and making presentations. To ensure that leadership training rooms are used for educational purposes rather than chapter functions, grants for such rooms will only be made to those house associations which already have, or will have constructed, separate and adequate space to conduct social, recreational or fraternal functions such as chapter meetings or social events.
6. **Educational storage rooms** to be used exclusively for storing educational equipment and materials used in connection with educational study and work. These rooms may not be used to store personal effects or materials related primarily to the chapter.

All these areas and furnishings must be used exclusively for educational purposes; **the IRS does not allow any mixed uses**. For example, neither study rooms with beds or dining rooms qualify as wholly educational space, and thus do not qualify as educational area grant space.

What type of educational equipment and materials qualify for grant reimbursement?

- **Educational equipment** including (1) computers; (2) printers; (3) other equipment used for the study of such disciplines as engineering, architecture, graphic design, and fine arts; (4) laboratory and science equipment; (5) audio and visual equipment; and (6) furniture, such as desks, desk chairs, conference tables, bookcases, and other furniture or equipment used in the Educational Areas or in a student's room (provided the house association retains ownership of such equipment).
- **Educational materials** including reference materials, course books, general literature and other reading material having an educational value.
- **Fire safety equipment** including fire alarms, smoke detectors and internal sprinkler systems installed for any of the Educational Areas.
- **Internet Wiring** including the installation, configuration and maintenance of a house-wide computer network and house-wide wiring to allow for access to the university's system and network and to allow for internet access.
- **Operating fund** for the maintenance and operation of the educational areas.

What are the steps in applying for an Educational Area Grant?

- The house association contacts the Foundation to request information on the Educational Area Grant program.
- The house association reviews the program information sent by the Foundation; a house association representative(s) speaks with the Foundation to discuss the scope of the local project.
- The house association applies for an educational area grant by preparing an application and the documentation required in the "Housing Project Information List (see Appendix)" and submitting the application to the Foundation for review.
- The Foundation's Educational Area Grant Committee reviews the information, requests additional information if necessary and upon approval, forwards it to the Foundation's legal counsel for review.
- The Foundation's legal counsel reviews the information, and if approved, determines the educational portion of the construction project. For large construction projects this is determined by taking the entire square footage of the construction project, subtracting the square footage of support areas (hallways, stairways, etc.), and determining the percentage of space dedicated wholly to the educational programs of the chapter.
- The Foundation's legal counsel then prepares a grant agreement for signature by the Foundation, local house association and collegiate chapter. **Note:** The Foundation has provided funding for creation and development of the overall Educational Area Grant Program; the local house association is responsible for the expense of the legal review of the individual local project. The Foundation bills the local house association for this cost.
- The Foundation Board of Trustees votes to approve the educational area grant.
- The approved grant agreement is forwarded to the house association and collegiate chapter for signatures. Once the grant agreement is signed by all parties, the Foundation may accept tax-deductible donations, designated to the local house association, as a part of the local chapter/house association's fundraising campaign.

Once the grant agreement is signed by all parties, the Foundation may accept tax-deductible donations, designated to the local housing project, as a part of the chapter/house association's fundraising campaign.

How are the funds released to the local house association?

- Donations are received by the Foundation and are receipted as gifts to the Foundation. The donors receive a tax benefit as allowed by U.S. law.
- Such donations are separately accounted for and a report of donations received are forwarded to the house association each month.
- As construction work progresses, the house association pays its contractors and vendors for services. The house association submits these same bills to the Foundation for reimbursement of the educational percentage of the project. For example, if 14% of the construction project qualifies for educational grants, the Foundation would reimburse the local house association 14% of the bills submitted to the Foundation up to the total donations received for the housing project.
- The local house association establishes a separate bank account for the Foundation reimbursements and submits quarterly reports on this account, along with a final report at the conclusion of the construction project.
- The house association is required to repay to the Foundation any portion of the grant, not used for the educational purposes for which the grant was made.
- **Important:** The IRS requires that once a space is identified as educational, and grant funds are utilized for construction/ renovation of the space, the space must maintain its educational purpose for its useful life.
- Should any educational areas financed by an educational area grant cease to be used for educational purposes, the house association has 30 days to correct the situation and if it does not do so within 30 days shall repay that portion of the grant to the Foundation. This is an IRS stipulation.
- **Important:** For a tax benefit to be afforded to a donor, the IRS requires the Foundation have sole control and discretion of a gift. Should the requirements of the grant agreement not be fulfilled, the Foundation has the option and sole discretion not to release the funds to the local house association and may utilize the donations received for any other educational purpose of the program as deemed appropriate. This information is to be included by the chapter and house association in its fundraising materials.
- The collegiate chapter reports regularly to the Foundation, confirming the educational space is being used as such. The house association and chapter agree to provide access to the premises to representatives of the Foundation.
- In the unlikely event the project does not take place, is not finished or for any reason there are funds remaining at the conclusion of the project, such funds remain the Foundation's property and cannot be returned. The Foundation will confer with the local entity and representatives to develop a sound use for the funds. For example, if construction is merely delayed, funds would remain as established until construction commences. If it is clear construction is not to go forward or the funds represent an overage after construction is finished which is not to be used for educational operating grants, the chapter housing fund is reconstituted as a general educational fund to benefit that particular chapter and its members so long as the collegiate chapter remains active.
- Administrative fees may be applied to each grant account held at the Foundation to offset the management and reimbursable expenses of the program.

The IRS requires that once a space is identified as educational, and grant funds are utilized for construction/renovation of the space, the space must maintain its educational purpose.

The collegiate chapter reports regularly to the Foundation, confirming the educational space is being used as such.

For More Information

While there are IRS restrictions, the Alpha Gamma Delta Foundation's educational area grant program can serve as a significant and beneficial component of a local fundraising campaign in relation to donors for whom a tax benefit is important.

For more information, contact the Foundation office:

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Appendix

- Housing Project Information List
- Sample letter to the university, noted on the Housing Project Information List
- Sample Reimbursement Form
- Sample Collegiate Chapter Compliance Report

Educational Area Grant Program Housing Project Information List

The following documents are submitted as the application for an Educational Area Grant:

- Application form and all items below
- Architectural plans with rooms identified on the plans (reduced in size to 8.5 x 11" or 8.5: x 14")
- Square footages of each room and each floor, with supporting areas (stairs, hallways, etc.) broken out separately
- Narrative description of the use of each room believed to be educational in nature and its furnishings
- Construction budget with basic categories of expenses, and separate budgets for each of the furniture and fixtures in the educational rooms, fire safety equipment for the educational areas, computer wiring throughout the house; and desks, desk chairs and computers located in any room. Furniture and fixtures costs should be further divided into educational and non-educational space.
- Determination letter from the IRS recognizing the house association to be exempt under Code Sections 501(c)(7) or 501(c)(2)
- Letter from appropriate university official stating proposed educational facilities are like what the university provides (a sample letter is available on the Foundation's website and in this packet). This letter must be on university letterhead.
- Copy of correspondence from Fraternity's Director of House Associations approving project
- Copy of correspondence from Fraternity's Director of House Associations approving alumnae solicitation effort
- Copy of minutes approving official liaisons for contact with the Foundation regarding fundraising and the grant
- Copy of minutes approving the signing of grant application
- Fundraising plan
- Signed "Participant Agreement"
- House Associations Articles of Incorporation (if incorporated)
- House Association Bylaws
- List of House Association's directors and officers
- Additional information or documents as the project develops

Sample letter from the university, noted on the Housing Project Information List

(must be on university letterhead)

Alpha Gamma Delta Foundation
Board of Trustees
c/o Executive Director
8710 N. Meridian St. Indianapolis, IN 46260

Ladies:

We understand the _____ House Association (the "House Corporation") is engaged in a housing project to (construct, renovate and/or remodel) the housing it provides for the members of _____ Chapter of Alpha Gamma Delta Fraternity on this campus. We also understand your Foundation plans to make a grant to the House Corporation to fund certain expenses incurred in connection with the educational spaces in the house and in this regard, you have requested this letter.

Based on the above understanding, we hereby acknowledge, as a matter of policy, on behalf of the University, the following:

The University is committed to providing facilities for individual and group study, library facilities, and/or educational equipment (including the provision of computer and internet access in University dormitories and other buildings) to students living both on and off its campus. The educational facilities at the chapter house, including study rooms, library facilities, and/or specialized areas, such as computer rooms and house wide computer and internet access, drafting rooms, laboratories and other instructional areas, are similar in nature to those provided by the University. As a result, the provision of these additional facilities will:

- Relieve the University of the burden of providing such facilities to students who are members of the chapter;
- Supplement the resources of the University by providing additional equipment and facilities; and
- Alleviate the current use of the University's existing facilities by providing an alternative source for members of the chapter and guests.

We also wish to confirm ___ % of our undergraduate population belongs to a fraternity or Sorority and ___ % of our undergraduate population reside in a fraternity or sorority chapter house.

Sincerely,

(Signed by authorized university official)

Sample Reimbursement Form

General Information

Entity Name: _____
Officer Name: _____
Mailing Address: _____
Date of Signed Agreement _____

Cost Categories

Reimbursable Expenses per Attached Invoices

| | |
|--------------------------------------|-------|
| Building Construction Costs | _____ |
| Educational Equipment | _____ |
| Educational Materials | _____ |
| Fire Safety Equipment | _____ |
| Internet Wiring | _____ |
| Sub-total Ed. Equip/Materials | _____ |
| Operating Costs (Endowment Required) | _____ |
| Total Reimbursement | _____ |

I confirm the above noted costs meet the requirements of the signed educational area grant.

Signature

Date

Printed Name

Officer Title

Sample Collegiate Chapter Compliance Report

To: Alpha Gamma Delta Foundation
From: Omega Omega House Association
Re: Semi-Annual Compliance Report

Members of the Omega Omega House Association and the Omega Omega Executive Council reviewed the normal uses of the Educational Learning Center, Library and Educational Storage and related furnishings. Members of both groups personally conducted an unannounced inspection of the facility on _____ (date).

The following events were held as indicated below:

| Date | Location/Room | Event Description |
|------|---------------|-------------------|
| | | |
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| | | |
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| | | |

We find the Educational Learning Center, Library and Educational Storage and related furnishings to be regularly used as intended and find the original conditions of the Educational Area Grant satisfied.

President
Omega Omega House Association

President
Omega Omega Chapter