



# **Covenant University**

# **Alumni Association**

# **Endowment Fund Policy**

## Contents

1.0 Purpose .....	3
2.0 Objectives.....	3
3.0 Endowment Fund Committee (EFC).....	3
4.0 Selection of EFC Independent Members .....	4
5.0 EFC Responsibilities.....	4
6.0 Funding and Investment .....	4
7.0 Annual Endowment Budget .....	5
8.0 Usage.....	5
9.0 Valuation .....	6
10.0 Reporting.....	6
11.0 Recognition of Sponsors/Donors .....	6
12.0 Ethics .....	6
13.0 Review and Modification of Endowment Policy .....	6

## 1.0 Purpose

The purpose of the Covenant University Alumni Association ("CUALA" or "the Association") Endowment Fund ("the Fund") is to create a pool of financial resources to support strategic and sustainable developmental programs of the Covenant University Alumni Association (CUALA).

## 2.0 Objectives

To preserve the value of the assets of the CUALA Endowment Fund, provide a stable source of inflow for Alumni Charity and non-operating activities as well as achieve long-term growth of the Fund.

It is expected to provide benefits in perpetuity.

## 3.0 Endowment Fund Committee (EFC)

The Committee shall include seven (7) members, including:

- ✓ Ex officio members – The President and Vice President finance.
- ✓ Five (5) Eagles with at least one experienced in:
  - Venture Capital/Private Equity
  - NGO/ Social enterprise setup and/or management
  - Business management
  - Finance/Investment

The Committee shall be chaired by a non-ex-officio member and the Finance Officer of the Association shall serve as its secretary. A quorum shall be a majority of the Committee.

Non-ex-officio members would serve tenure of three (3) years, renewable once as this would ensure continuity to a large extent and preserve the value and legacy of the fund.

Also, the Committee chairperson would be a member of only one sub-committee as against two sub-committees which other members would be a part of, so as to enhance the effectiveness of the chairperson.

## 4.0 Selection of EFC Independent Members

There shall be 6 stages involved in the selection of EFC independent members:

Stage 1: Nomination by the CUALA community

Stage 2: Confirmation of interest of nominees

Stage 3: Collation of profiles of interested nominees

Stage 4: Review/shortlisting of 'interested nominees' by the Alumni Working Group

Stage 5: Confirmation of interest of selected candidates

Stage 6: Communication of the names of the selected members to the Community

## 5.0 EFC Responsibilities

The roles and responsibilities of the Committee include but are not limited to the following:

- ✓ Coordinate fundraising activities to ensure annual fund targets are achieved
- ✓ Ensure the utilisation of the fund in line with defined investment guidelines, including asset allocation, spending guidelines, acceptable risk levels, and total return objectives
- ✓ Review and approve investment guidelines relating to eligible investments, diversification and concentration restrictions, and performance objectives for specific managers or direct investments
- ✓ Review and approve investment vehicles
- ✓ Monitor compliance with the Investment Policy and evaluate the performance based on achieving the stated objectives
- ✓ Review performance and oversee management of the investment portfolio(s), ensuring policy compliance
- ✓ Report on the performance of the Fund

## 6.0 Funding and Investment

The fund shall be invested in profitable assets not lower than the average return on a 5-year Nigerian bond. The Committee would be responsible for identifying profitable investment

opportunities and assets that are low or medium risk such as money market funds and real estate. The funds would not be invested in nor funded by business or individuals involved in the International Finance Corporation (IFC) prohibited activities.

The endowment fund shall be funded by the following:

- ✓ Annual allocation from CUALA
- ✓ Donations from corporate and individual sponsors specific to the fund

Members of the Executive Council and Endowment Committee shall be responsible for ensuring annual target fund values are achieved.

## **7.0 Annual Endowment Budget**

The Endowment Fund Committee shall approve an annual expenditure and investment budget for the next fiscal year by every 10th December of the current year. Deviations from the agreed budget shall have documented justifications for approval by the Committee before they occur.

## **8.0 Usage**

The payout of the fund annually would be up to 90% of the total interest generated on the fund in the prior year. The Committee would develop an annual budget to allocate funds across social, economic, and mental development programs with clear long-term impact. The fund shall not be used for operational activities of the Association. Programs funded shall include but not be limited to the following:

- ✓ Undergraduate scholarship and student support
- ✓ Career/ business enterprise support for Eagles
- ✓ Covenant University support – research, monuments, postgraduate scholarship, etc.
- ✓ External community impact and development via HOPE Foundation

Programs to be funded shall be approved by a quorum of the Committee.

## **9.0 Valuation**

An independent fund valuation consultant shall be engaged annually to prepare a valuation report on the Fund before 28 February of each year which would serve as an input into the audited financials of the Association.

## **10.0 Reporting**

The fund's calendar shall align with the Association's financial calendar. Bi-annual reports shall be published within 90 days of the end of each half-year including the impact reports on programs funded, fund movement and current value of the endowment fund. The end-of-year report shall include the independent valuation of the fund.

## **11.0 Recognition of Sponsors/Donors**

Donors would be appreciated annually with an official letter signed by the President of the Association and Chairperson of the EFC.

## **12.0 Ethics**

- ✓ Details of donors and individual donation amounts shall not be published without written permission of the donor.
- ✓ Members of the Committee shall not disclose information obtained during the course of their service on the Committee except information already made publicly available as approved by the Committee.
- ✓ Members of the Committee shall disclose conflicts of interests in investment vehicles at the point of deliberations. Funds shall not be invested in organisations or activities related to members of the Committee.

## **13.0 Review and Modification of Endowment Policy**

This policy would be reviewed every 2 years or as stipulated by the EFC and changes shall be approved by the Chairperson.