



KENAI PENINSULA BOROUGH SCHOOL DISTRICT

Finance

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TO: Board of Education

THROUGH: Dr. Donna Peterson, Superintendent

FROM: Melody Douglas, Chief Financial Officer

SUBJECT: Update: Kenai Peninsula Foundation and
Seward Foundation

Most scholarship funds held by many District high schools have been transferred to the Kenai Peninsula Foundation or the Seward Foundation, both of which are affiliated with the Alaska Community Foundation. Additionally these organizations manage and account for endowment funds.

School Endowment Funds

Over the past few years there have been several requests to establish school endowment funds that can be managed on behalf of the Kenai Peninsula Foundation and Seward Foundation by the Alaska Community Foundation (ACF). The ACF manages hundreds of funds from individuals and organizations in the state; it oversees responsible investment of the funds and helps provide assistance in various aspects of affiliate foundation operations. The ACF protects donors because the earnings can be used for supplemental school activities or other purposes, but contributions can never be spent.

School endowments can provide discretionary funds for activities that enhance educational and social opportunities for students. As a further extension of this concept, they also provide community members with an overarching vehicle for giving charitable dollars to the school (not to an individual sport or activity.) Monies contributed to school endowments are available in perpetuity, and the only distribution is a set percentage of the value, for example 4.5 percent, taken from interest and investment capital gains. The endowment concept sets up a long-term relationship between schools and communities to assure that opportunities are available beyond the funding provided through state and federal funds and local property taxes.

The success of the endowment fund depends on its ability to build links between the community, the individual schools and the school district in order to improve education. However, endowments are not intended for normal operating expenditures such as salaries, textbooks and buildings; the intent is to complement the public funds and to assist with

educational activities that the District might otherwise not be able to support. Compliance with the Uniform Chart of Accounts for Alaska School Districts is a component of appropriate accounting for district expenditures: foundation and endowment funds can not be used to supplant district operating funds.

School endowments and the programs and grants that result from them should not be seen as an end in themselves. The overall goal is to bring the community together for the improvement of schools. For this reason, each school interested in establishing an endowment fund will have an advisory representative (possibly from their Site-Based Council) from the community to help facilitate this program. The Superintendent (or designee) will serve as a liaison to each school Site-Based Council regarding their endowment fund.

Next Steps

Soldotna High School has received a gift that will be equally matched by the donor's employer. These funds will be managed and accounted for through the Soldotna High School Endowment Fund account of the Kenai Peninsula Foundation through its affiliation with the Alaska Community Foundation.

District procedures will be established for oversight of school endowment funds, including guidelines for use of endowment fund earnings.