

TROY UNIVERSITY FOUNDATION



Business Policy

Troy University Foundation

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Funds Administration

In order to ensure compliance with donor(s) restrictions on the uses of their gifts, the Foundation establishes and maintains separate fund accounts. For each fund, a Fund Administrator within the department, college, or unit for which the gift is restricted should be designated as the signatory for the fund. Fund Administrators must be employees of Troy University or the Foundation. The Fund Administrator, in conjunction with his or her supervising Dean, Director, etc., is responsible for initiating and recommending the disbursement of monies from the funds to support programs for the purpose intended by the donor(s).

The Foundation establishes two primary types of funds: endowed and non-endowed. Each endowed fund consists of a principal total and a spendable total. All endowed gifts are deposited into the principal portion of the fund. Net spendable income (as determined by the Foundation's Board) is transferred to the spendable portion of the fund, which then becomes available for current or future use. For non-endowed funds, no distinction is made between principal and spendable totals, because both gifts and income, if any, are available (spendable) for use.

In most cases, the wishes of the donor(s) provide the criteria for determining a fund's restricted purpose. In other instances, funds are established for the general use of a given college, school, department, center, or program, with no specific donor restrictions (i.e. unrestricted gifts).

Establishing New Foundation Funds

A new fund in the Foundation may be established for any purpose which is within the Foundation's mandate to further the mission of Troy University. The Foundation cannot establish funds for programs or purposes that:

- involve contract deliverables, fees-for-services, proprietary research or drug protocols, or general sales of merchandise;
- would jeopardize the Foundation's tax-exempt status.

Contact the University Office of Sponsored Programs for further information on these types of transactions.

A minimum commitment of \$10,000 is required to establish an endowed fund. A new non-endowed fund should only be established for a unique purpose and should be expected to be used for a period of not less than two years. To reduce the number of Foundation funds to be administered, new gifts can often be placed in existing funds and still fulfill the intent of the donor or a specific need. It is recommended that a non-endowed fund be established only if there is reasonable belief that the fund will receive at least \$2,000 in gifts and the fund's use is not limited to a single event.

The Fund Information Form

The donor's wishes and direction often provide the most important criteria for determining the fund name, type of fund, and restricted purpose. Any pertinent documentation indicating the donor's intent should be attached to the Fund Information Form. This form **must** be completed in full, including all required signatures, before being submitted to the office of Foundation Accounting Services. Incomplete forms will be returned to the Fund Administrator for further processing.

Fund Name - The fund name is referred to in all donor acknowledgements and stewardship reports and, therefore, should clearly and concisely reflect the purpose and intent of the fund. The length of the fund name is limited to 100 characters, including spaces and punctuation. If the donor has entered into a gift agreement the fund name **MUST** be exactly as reflected therein.

Fund Administrator - The Fund Administrator is the individual who is responsible for recommending expenditures from the fund. This person must be an employee of the Troy University, or the Foundation. Faculty and Staff are permitted to donate to funds over which they are the Fund Administrators.

New Fund Administrators are appointed by the Dean, Director, Vice Chancellor, Senior Vice Chancellor or Chancellor. If the new Fund Administrator will be the Dean/Director, or if the Dean/Director is not available to appoint a new Fund Administrator, the request will require the signature of the appropriate Senior Vice Chancellor or Executive Vice Chancellor. Associate or Assistant Deans and Provosts may not appoint Fund Administrators.

Fund Administrator

Faculty or Staff
Dean or Director

Approval Signatures Required

Unit Dean or Director
Vice Chancellor, Sr. VC or Exe. Vice Chancellor

College/Unit and Department Codes - Each Foundation fund must be associated with a college, unit, program and an appropriate department. The Foundation uses the University's Datatel general ledger coding structure to make this designation.

Type of Fund – An endowed fund must be clearly indicated by checking the appropriate box. An endowed fund will be assigned a principal fund number and a spendable fund number. Gifts deposited into the principal fund may not be spent. Net spendable income (as determined by the Foundation's Board) is transferred to the spendable fund for use. The minimum required amount to open a new endowed fund is a commitment of \$10,000. Non-endowed funds are assigned a single fund number and no distinction is made between principal and spendable income.

Source of Funding - The funding source and amount of funding must be provided.

Purpose - The type of activity this fund is intended to support and any donor restrictions on the fund's use must be identified. If the donor has entered into a gift agreement, the purpose contained in the agreement must be used..

Changing Existing Foundation Funds

All requests to modify the Fund Name or Fund Administrator must be submitted using the Fund Information Form.

Fund Name - Changes in the fund name should be made only to clarify the identification of the fund. Fund names should reflect the intended purpose of the fund and/or any donor restrictions. Changes must not violate any specific requests or restrictions of the initial donor.

Fund Administrator - Changes in Fund Administrator must follow the same guidelines listed under “Completing the Fund Information Form – Fund Administrator”. If the Fund Administrator is being changed on multiple funds, a single written request that includes the requested change, a list of the affected fund numbers and names, and all required signatures may be submitted in lieu of separate Fund Information Forms.

Purpose - Requests to change the purpose of a fund must be submitted in writing by the Dean, Director, Vice Chancellor, Senior Vice Chancellor or Executive Vice Chancellor to the office of Foundation Accounting Services. The request must state the reason for the change and be accompanied by a letter of authorization from the donor(s) when applicable. In most cases, a change in purpose will require the establishment of a new fund and a transfer of the balance from the old fund to the new fund.

Endowed or Non-endowed Status - Changing a fund's status from non-endowed to endowed involves three steps: 1) a new endowed fund must be established using the Fund Information Form; 2) the fund balance must be transferred from the non-endowed fund to the new endowed fund using a Fund-to-Fund Transfer Request; and 3) the non-endowed fund must be closed. A fund, once endowed, may not be changed to a non-endowed fund.

Closing Foundation Funds

A request to close an idle or redundant fund should be submitted in writing by the Dean, Director, Vice Chancellor, Senior Vice Chancellor or Executive Vice Chancellor to the office of Foundation Accounting Services with a completed Fund Information Form. Any remaining assets in the fund should be transferred to another Foundation fund with a similar purpose using the Fund-to-Fund Transfer Request Form. The Dean, Director, Vice Chancellor, Senior Vice Chancellor or Executive Vice Chancellor must state that the transfer of monies is not in contradiction with the terms of the gift(s) to the original fund. If the fund to be closed has a negative asset balance, funds must be transferred into the closed fund to bring the balance to zero.

Asset Management

The Foundation manages many types of assets for the benefit of the Troy University. Those assets may be in the form of cash, securities, real estate, equipment and machinery, receivables, art work, literary works, cattle, horses, etc. Each asset type is managed according to specific guidelines.

Non-cash assets not designated to be held in their original form by the Foundation or transferred to the University for use in their original form are sold as quickly as possible and the cash generated from the sale is available to the benefiting funds for expenditure or investment. The section on Processing, Depositing and Receipting Assets contains information relevant to the acceptance of non-cash or in-kind gifts.

Investment Policies

The Foundation invests the monies entrusted to it in accordance with the policies developed by the Foundation's Stewardship Committee and approved by the Foundation's Board of Directors. Monies held by the Foundation are placed in pools for investment purposes and earnings distributions are apportioned to the individual funds quarterly. Endowed investments are chosen to provide maximum total return over an extended period while eligible non-endowed monies are invested to provide the maximum short-term return with minimal risk.

Investments are managed using the expertise of the Foundation's external investment advisor and with the assistance of the external advisor, the Foundation's Stewardship Committee periodically reviews the asset allocation strategy. Any changes to the allocation strategy are approved for recommendation to the Foundation Board of Directors.

Each quarter an evaluation of the individual investment managers is performed. The external advisor rates each manager against an appropriate benchmark index and against its database for similar style and presents this information to the Stewardship Committee. The Committee expects the managers to provide a return greater than the median performance of their respective database and benchmark.

At the beginning of each quarter new monies are invested with the money managers. Monies invested with each manager are adjusted to comply with the Foundation's asset allocation.

Objectives:

The objective of the Foundation investments has been established in conjunction with regard to the spending requirements. The objectives are:

Objective 1: To maintain the purchasing power of the portfolio. The objective is to maintain the level of services and programs in relation to average cost increases. This requires establishing a minimum rate of return of 4% plus CPI.

Objective 2: To maintain a funding cushion for (1) unexpected developments, (2) possible future increases in spending and expense levels, and/or (3) a reduction in the expected return on investments.

Objective 3: To apply a smoothing *formula* to mitigate the effects of short term market volatility on spending, the equilibrium spending rate will be applied to be an average of the past three years (3) of the endowed pool's market values.

Objective 4: To provide consistent, above average rates of return, while minimizing investment risk. Emphasis shall be on the preservation of capital plus above average rates of return on investment to the appropriate set allocation between fixed income (debt) and equity securities based upon the needs of Troy University.

Investment Schedule

New monies must be deposited before the last month of a quarter to be invested on the first day of the following quarter. New money is only invested on the first day of each quarter.

<u>Received</u>		<u>Invested</u>	
<u>Month</u>	<u>Year</u>	<u>Month</u>	<u>Year</u>
January, February	1	April	1
March, April, May	1	July	1
June, July, August	1	October	1
September, October, Nov.	1	January	2
December	1	April	2

Responsibilities of the Investment Consultant

It will be the responsibility of the consultant to:

1. Conduct the following services on a semi-annual basis;
 - (a) Economic review
 - (b) Review Statement of Investment Policy and Guidelines
 - (c) Asset Diversification Review

2. Performance/Risk/Return Analysis and Comparisons to Relative Market Indices and Investment Manger Universes
 - (a) Mutual/Commingle Fund Analysis
 - (b) Historical Performance Summary
 - (c) Portfolio Growth Summary
 - (d) Security Quality Ranking/Rating
 - (e) Classification of Portfolio assets with a regard to risk parameters

3. Executive Summary. Expect to meet with the Treasurer for the Foundation not less than once a year;
4. Assist the Committee in understanding the investment markets and the implications of expected risk and return;
5. Counsel the Committee in formulating an investment program that accomplishes the goals of Troy University's portfolio;
6. Assist the Committee in developing a sound and consistent Policy;
7. Conduct a performance measurement procedure that reviews and monitors performance on an ongoing basis;
8. Monitor the investment managers to ascertain 1) compliance to their stated philosophies and styles, 2) inform Troy University as soon as investment consultant becomes aware of any significant changes in ownership, organizational structure, financial condition or senior personnel staffing of the investment management organizations, and 3) adherence to the investment guidelines set forth herein;
9. Attend Committee meetings, as requested;
10. Continue to review the investment program to ascertain its relevance to the changing needs of Troy University;
11. Continue to review the Statement of Investment Policy and Guidelines to ascertain its relevance to the changing needs of Troy University; and
12. Assist the Treasurer in preparation of financial reporting by answering questions related to investment and/or investment accounting issues.

Responsibilities of the Investment Managers

Adherence to the Policy

The Portfolio assets are to be managed in accordance with the Policy as expressed herein, or expressed by separate written instructions when deviation is deemed prudent and desirable. Written instructions amending this Policy must be authorized by the Board of Directors with the advice of the Committee and will be communicated by the Treasurer.

Communication

The Committee requires, and the investment managers are responsible for, frequent and open communication with the Treasurer on all significant matters pertaining to the investment of the portfolio assets. The Committee must be informed of any significant changes in the ownership, organizational structure, financial condition, or senior personnel staffing of the investment management organizations. An audited financial statement(s) of the management organizations are to be furnished annually by the respective Investment Manager.

All documents, exhibits, written material, etc., which will be used during periodic review meetings between the Committee and the investment managers shall be submitted to the Treasurer, Investment Consultant and the Stewardship Committee at least two weeks in advance of these meetings.

The Committee recognizes that the Policy requires periodic re-examination and perhaps revision if it is to continue to serve as a working document to encourage effective investment management. Whenever an investment manager believes that the Policy should be altered, it is the responsibility of that manager to initiate written communication to the Treasurer.

Reporting

The Committee requires the Investment Manager to forward to the Treasurer, on a timely basis and at a minimum, quarterly reports containing portfolio activity, valuations at market, and strategy updates.

Asset Allocation

Historical performance results and future expectations suggest that common stocks will provide higher total investment returns than fixed-income securities over a long-term investment horizon. However, one can expect an increase in portfolio volatility as the stock percentage is increased, particularly over the short term.

The Committee expresses within this document its need to ensure that the funds will be invested to provide returns of 4% plus the CPI. It is recognized that the most significant decision to affect the ability of Troy University to meet this goal is the asset allocation decision. Therefore, based on the investment objectives and risk tolerances stated in this document, the following asset mix targets are presently considered appropriate for the portfolio.

<u>Total Equities</u>	<u>TARGET</u>	<u>RANGE</u>
	60%	55% to 65%
Asset Class		
Domestic Large Cap Equity Index	13%	29% to 39%
Domestic Large Cap Equity Value	13%	
Domestic Large Cap Equity Growth	13%	
Domestic Small Cap Equity	12%	7% to 17%
International Equity	9%	4% to 13%
<u>Domestic Fixed Income</u>	<u>40%</u>	<u>35% - 45%</u>
Intermediate High Quality	20%	15% to 25%
Short Duration High Quality	20%	15% to 25%

The asset allocation target will be reviewed annually, or more frequently as changing conditions warrant.

Asset Allocation – Investment Managers

In order to maintain the target asset mix for each respective investment pool, each investment manager is expected to remain virtually fully invested.

Investment Policy Guidelines

Broad Philosophy

The Committee recognizes that risk and volatility are present to some degree with all types of investments. High levels of risk are to be avoided at the total fund level through diversification by asset class, style of each manager, and sector and industry limits.

The following statements are set forth in an effort to provide direction to managers with respect to specific pools of assets. Managers are retained to manage separate pools of assets, and funds are allocated to such managers in order to achieve an appropriate, diversified, and balanced asset mix. Troy University, from time to time, may shift assets from one manager to another to maintain the appropriate mix.

Prohibited Investments

The following types of investments are prohibited for use by all managers, regardless of asset class:

Prohibited Investments:

- Art objects or other collectibles
- Commodities
- Direct real estate investments
- Limited partnerships
- Margin trading
- Oil and gas wells
- Options and futures, except for hedging
- Private placements
- Short selling
- Unregistered or restricted stock
- Venture capital
- Investments in fixed income securities denominated in non-US currencies.

Equity Assets

S&P 500 Equity Index: This fund will seek investment results that correspond with the price and yield performance of the S&P 500 Index. The fund will allocate the percentage of net assets each company receives on the basis of the stock's relative total market value.

Small Cap Equity: This fund will invest in domestic equities of companies with market capitalizations less than \$2 billion.

International Equity: This fund will invest in equities outside of the United States.

Fixed Income Assets

Intermediate Term Fixed Income:

The objective of the fixed-income portion of the portfolio assets should be both to provide a secure, above-average stream of income (i.e., income in excess of the LB Aggregate Index) and to provide a relatively stable market value base. The following directions apply to the fixed-income managers:

Duration Target:

Fixed-income portfolio maturity, as measured by portfolio duration, shall not exceed 30%, nor should it be less than 70% of the LB Aggregate Index.

Allowable Instruments and Credit Quality:

Fixed-income investments may include U.S. issues of Government and Agency obligations, marketable corporate bonds, mortgage or asset-backed securities, and preferred stocks with sinking funds as deemed prudent by the investment manager.

Not more than 5% of the fixed-income investments, at market, shall be invested in securities of any one issuer, except Government and Agency or Government backed obligations, without the Committee's prior approval.

Fixed-income investments shall be made only in those issues rated "BAA" (investment grade) or better by the Moody's and "BBB" (investment grade) or better by the Standard & Poor's rating agencies with emphasis toward "A" or higher quality issues. However, based upon the investment managers research, up to 10% may be invested in those issues rated no lower than single "BA" by Moody's and "BB" by Standard & Poor's. These issues should be purchased with the expectation of a possible upgrade in credit rating.

Evaluation and Review.

The objective of the evaluation and review process is to monitor the progress of the portfolio assets in achieving the overall investment objectives. Performance will be measured and reviewed periodically by the Committee with particular attention directed toward determining whether:

- the total fund is achieving its stated objectives;
- the investment managers are performing satisfactorily in relation to the objectives set forth in this Policy, as a primary consideration, to other investment organizations managing similar pools of capital, and the recognized market indices;
- the investment managers are adhering to the guidelines set forth herein;
- the investment managers are adhering to their stated philosophy and style; and

- the overall policies and objectives continue to be appropriate, reasonable, and achievable.

Performance Expectations

Comparative market and peer group benchmarks shall be established to gauge a manager's value added. Return requirements (annualized basis) are over a full market cycle (three to five years). Investment funds are expected to perform at or above their median in their respective universes.

Domestic S&P 500 Index

Relative to appropriate indices:

Section	Benchmark	Universe
Total Fund	S&P 500 Index	Large Cap Equity Blend

Foreign Equity

Relative to appropriate indices:

Section	Benchmark	Universe
Total Fund	MSCI EAFE Index	Foreign

Small Cap Equity

Relative to appropriate indices:

Section	Benchmark	Universe
Total Fund	Russell 2000 Growth Index	Small Cap Growth Equity

Intermediate High Quality Bond

Relative to appropriate indices:

Section	Benchmark	Universe
Total Fund	LB Aggregate Index	High Quality Intermediate Bond

Combined Assets

Relative to appropriate indices:

Section	Benchmark	Universe
Total Fund	39% S&P 500, 12% Russell 2000, 9% EAFE, 40% LB Aggregate	Balanced

Endowed Pool

The Foundation establishes endowed funds to support donor(s) purposes in perpetuity. Gifts of cash or cash generated from conversion of a non-cash asset are invested in the Troy Foundation endowed investment pool. It is the goal of the Foundation endowment investment policy to provide a real total return from assets invested that will preserve and increase the purchasing power of the endowment capital, while generating the maximum yield to support the activities of the funds held for the colleges, schools, departments, units and programs of the University. As previously mentioned, when an endowment is created by the Foundation, two distinct funds are established: an endowment principal fund and an endowment spendable fund (restricted fund).

- A. **Establishing Endowments.** The Troy University Foundation establishes minimum initial gift provisions for named endowment funds based on minimum initial standards as follows:

Endowment	Minimum Gift Amount
Award	\$ 10,000
Scholarship	\$ 20,000
Professorship	\$ 250,000
Distinguished Professorship	\$ 500,000
Chair	\$1,500,000

Scholarships

Donors establish endowed scholarships to provide assistance to deserving students attending Troy University. A minimum of \$20,000 is required to endow a scholarship. Each Foundation scholarship is awarded according to its own unique requirements. The amount of the scholarship will be determined by the spending policy of the Foundation and/or donor instructions.

Scholarship donations in which the contributor names a specific student as the recipient should be sent directly to the Troy University Office of Student Financial Services. These scholarships are considered to be financial aid provided to the specified student and do not qualify as charitable contributions to the University.

Payments Designated to Individuals

Payments designated for specific individuals (i.e., a scholarship for a designated student from an organization or individual) are considered transfer payments rather than gifts. They SHOULD NOT BE deposited and disbursed from the Foundation and are not included in fund raising reports. Care must be taken in acknowledging these kinds of gifts *since* they are not deductible as charitable gifts for income tax purposes.

Professorships/Distinguished Professorships

Professorships/Distinguished Professorships provide salary supplements to an outstanding educator. He or she will be active in instruction, research, and professional service.

Eminent Scholars Funds

Endowed chairs are gifts that make it possible for Troy University to attract exceptional professors to teach. The minimum requirement to establish and fund an Eminent Scholar Chair is \$1,500,000. Income generated, in accordance with the spending policy, is used to pay salaries for the chair holder and a secretary as well as expenses directly related to the chair holder's work.

Time Limitations

Donors will have up to five years to achieve the required endowment level. After five years, if the endowed level is not reached, the funds will be converted to a restricted account that most closely parallels the initial intent of the gift or in the best interests of the university, as determined by the Chancellor.

Endowments Established by Pledge or Deferred Giving Instrument

Endowed funds established by pledge or by deferred giving instrument will become operational when the pledge is retired or when the deferred gift is realized.

Principal Fund

Each endowed principal fund that participates in the endowed investment pool will have three values – Nominal Value, Investment Value, and Market Value.

The original gift plus any subsequent gifts (including state matches) are placed in the endowed principal fund. The accumulated gift investments to the fund are known as the "Nominal Value" of the fund. Each endowed principal fund has an "Investment Value" that represents the fund's share of the Troy endowed investment pool. The Investment Value includes the Nominal Value increased or decreased by annual adjustments for inflation (based upon changes to the Consumer Price Index (CPI)) and investment performance.)

The "Market Value" is the value of each endowment's share of the investment portfolio at a referenced point in time. The investments in the endowed investment pool are negotiable instruments that are subject to fluctuating prices (i.e., stocks, bonds, etc.) and the value of the portfolio will fluctuate with the prices of the securities comprising the portfolio. In the short term, the market can be highly volatile. The Foundation's investment policy is designed to return a net positive gain in market value (growth) over an extended period of time. It recognizes that there may be periods of decline in market value, but these should be more than offset by periods of increase in market value. In recognition of that fluctuation, the Foundations distribution will be based/calculated using a three year moving average of the ending market value as of the end of the fiscal year and each year thereafter.

Spendable/Restricted Fund

The endowed spendable fund is created for the purpose of spending monies in accordance with the donor(s) gift agreement. Additional restrictions may be imposed for funds that receive State matching gift monies. The annual spending rate is 5.0% of the principal fund's Investment Value. At the end of each quarter, the endowment's spendable/restricted fund receives a transfer of cash equal to 1% (4.0% annual) of the three year moving average investment value of its companion principal fund. In addition, the Foundation transfers .25% (1.0% annual) of the same instrument value to the Foundation Administration Fund used to support foundation operations. These monies are available to be spent on the first day of the following month. The transfer is made directly from the corresponding endowed principal fund. Accumulated monies in the spendable fund will be invested according to the Non-Endowed Investment policy.

Non-Endowed Pool

Available cash in excess of \$20,000 from a non-endowed fund (does not include trusts and annuities funds) is invested in the "Non-Endowed Pool." This pool is managed to provide the highest yield possible with minimal risk of market value decline. A distribution will be made quarterly based upon the fund's net *pro rata* share of the "Non- Endowed Pool's" earnings/(losses).

Available cash of less than \$20,000 in a non-endowed fund is not eligible for investment. It will be held as cash in either the cash account or a short-term pool account. These monies will not receive earnings nor be assessed a fee (similar to a non-interest bearing checking account).

Non-Endowed Funds

- A. **Scholarships.** These scholarships are not awarded until the money needed to fund the scholarship is received. Upon receipt of the money, the appropriate scholarship award committee is informed of the amount of money received for the scholarship.
- B. **Other.** Funds may be accepted that will benefit the programs and activities of Troy University. These funds will be considered unrestricted funds because the entire amount of money received may be expended for any activity for purpose that directly supports Troy University. The entity establishing the fund provides the Foundation with a memo stating the purpose of the fund and the authorizing signature to expend the funds.

Non-Endowed Pool (Quasi-Endowment)

For a fund that would otherwise be invested in the "Non-Endowed Pool," the Foundation provides an additional investment "Pool " option for monies that meet the following criteria:

1. The initial amount to be invested must be at least \$150,000. Subsequent additions to the Quasi-Endowment Pool may be made in increments of \$25,000 or greater per investment.
2. The money must remain invested in “Quasi-Endowment Pool” for at least 18 months.
3. After the initial 18-month period of investment, withdrawals require a minimum of 90 days prior written notice and may only be made at the beginning of a quarter. Withdrawals must be in amounts of \$250,000 or greater. No withdrawals will be allowed that reduce the “Quasi-Endowment Pool” balance of a fund below the minimum \$150,000 investment level unless the entire balance in is being withdrawn.
4. The money may only be invested at the beginning of a quarter and a written notification of intent to invest must be received at least 45 days prior to the beginning of the quarter in which the money is to be invested in the Quasi-Endowment Pool.

Funds are invested in the Foundation endowed investment pool and receive a *pro rata* share of that pool’s investment earnings (losses). Quasi-Endowment Pool investments are assessed the same administrative fee as endowed investments.

Disbursements

The following sets forth the responsibility and authority of the Chancellor, Executive Vice Chancellor, Senior Vice Chancellors, Vice Chancellors, Deans, Directors and other Fund Administrators to administer funds of the Troy University Foundation and the guidelines for making disbursements.

Authority and Responsibilities

1. The Chancellor, Executive Vice Chancellor, Senior Vice Chancellors and Vice Chancellors are solely responsible for disbursements from funds which they control. Upon approval of the appropriate authority, the Dean or Director of a college, school, department, unit or program is responsible for recommending approval of all Foundation disbursements from the appropriate funds. Final expenditure of Foundation funds requires the approval of the Associate. Vice Chancellor for Development and the Treasurer for disbursements of less than \$500. For disbursements greater than \$500, the approval of the Senior Vice Chancellor for Administration and the Chancellor is required.
2. Deans, Directors, Vice Chancellors or Senior Vice Chancellors may be, or shall appoint, the Fund Administrator for each unit's funds. In the absence of the Fund Administrator, the appropriate Dean, Director, Senior Vice Chancellor or Vice Chancellor may sign for the Fund Administrator.
3. Within each unit, the Dean, Director, Vice Chancellor or Senior Vice Chancellor may establish written policies under which no more than two persons, designated by the Dean, Director, Vice Chancellor or Senior Vice Chancellor, may sign for him/her in the role of Dean, Director, Vice Chancellor or Senior Vice Chancellor. An Alternate Signature

Authority Designation Form must be submitted to record these alternates at the Foundation. Any change to the form requires a new form, with all pertinent signatures as of the date of change. All previous forms will become invalid.

4. **Payments to Deans, Directors, Vice Chancellors, or Senior Vice Chancellors, or payments which benefit them, must be approved by an appropriate higher authority.**

General Disbursement Policies - Applicable to all Funds

1. All funds shall be administered with due regard to conditions attached to the gift and governing statutes and rules, in accordance with what is reasonable and equitable, and lastly, in the manner in which persons of ordinary prudence would act in the management of the property of another.
2. There are four basic criteria which determine the legitimate use of Troy University Foundation funds.
 - a. The use must be reasonable and benefit the Troy University.
 - b. The use must fall within the donor's intent for the gift.
 - c. The use must not jeopardize the Foundation's tax-exempt status.
 - d. The use must comply with all applicable statutes and regulations.
3. All disbursements must have written justification suitable for auditing purposes.
4. The following guidelines govern disbursements:
 - a. The Fund Administrator and the Dean, Director, Vice Chancellor or Senior Vice Chancellor are charged with the responsibility of ensuring that the use of funds is reasonable and benefits Troy University, falls within the donor's intent for the gift, will not jeopardize the Foundation's tax-exempt status, and complies with all applicable regulations.
 - b. Contracts in the name of the Foundation can be entered into only after review and acceptance by the Foundation's Counsel and Treasurer and must be signed by an officer of the Foundation.
 - c. The Foundation has no special exemption from sales taxes. Further, the Foundation is required to make payments of taxes required to be collected.
 - d. No expenditure, direct or indirect, may be made for charitable contributions, dues to social clubs, fines or penalties, unless otherwise approved by the Chancellor. **Expenditures that result in a personal benefit to the payee are inappropriate. Gift certificates are considered taxable income by the IRS and cannot be purchased with Foundation monies.**
 - e. The Fund Administrator is responsible for ensuring that there are sufficient monies to cover disbursements. Requests from funds with insufficient available balances will be returned without processing.
 - f. Gifts to Employees – In accordance with IRS regulations, generally gifts to employees must have a value of \$25 or less to avoid being taxable income to the

employee. Cash and/or gift certificates are always considered taxable income and therefore Foundation funds may not be used for these purposes.

Restricted Funds

1. Eminent Scholars

Prior to establishment of the chair, spendable earnings may be used for the costs of recruiting prospective chair holders, equipping of laboratories for the specific chair, etc. Establishment of a chair occurs when the requisite donated funds and matching funds for a particular chair have been deposited into the Foundation. Subsequent to the chair's establishment, upon approval of the Chancellor, endowment income may be used as salary or a salary supplement for the chair holder and for those individuals directly associated with the chair holder's scholarly work. Endowment income may also be used for the expenses directly related to the chair holder's scholarly work. No funds shall be expended to pay salary costs prior to establishment of the chair. Salaries and salary supplements shall be determined according to Troy University policy.

2. Endowed Professorships

Available balance in the endowment spendable fund shall be expended exclusively for the endowed professorship. The spendable income from the endowment may be used as salary or salary supplements for the holder of any particular professorship and for those individuals directly associated with the holder of the professorship's scholarly work. Income also may be used for those expenses directly related to the holder's scholarly work. Salaries and salary supplements shall be determined according to Troy University policy.

3. Scholarships or Fellowships

Available balance in the endowment spendable fund shall be expended exclusively for scholarships or fellowships or to support such awards. These scholarships or fellowships shall be awarded in accordance with standards established by the donor which have been expressly pre-approved by the Foundation and the University, or if the donor has not provided direction, according to standards established by the college or University.

4. Other Restricted Funds

Gifts and bequests made for specific purposes must be rigorously administered by the Dean or Director and Fund Administrator to ensure that such funds are used solely for purposes prescribed by the donor. It is recommended that the Dean or Director and Fund Administrator maintain a record of donor restrictions for each fund to assist in compliance.

Unrestricted Funds

Unrestricted funds may be spent for a broad range of purposes. The four basic criteria for the legitimate use of Foundation funds must be followed as well as the general disbursement policies (see Spending Available Monies).

The Disbursement Request

All Disbursement Requests must be accompanied by **original** receipts and invoices and any other pertinent documentation. All supporting forms, invoices and receipts should be stapled together. An addressed envelope should be submitted, making sure that any remittance advice, order form, renewal form, invoice copy, or any other pertinent correspondence is *in the envelope*, ready for mailing with the check, unless other arrangements are made.

Payee Information - The request must provide the payee's complete name, Social Security Number (SSN) or Employer Identification Number (EIN), and a complete permanent mailing address (not a campus address).

Reason and Purpose - This section is vital for auditing purposes and must be detailed enough to explain the expense, its business purpose, and the benefit to the University.

Requestor Information - This section should indicate the name, campus address, and telephone number (including extension) of the person initiating the request. The Foundation's Accounting Services Office will contact this person if additional information is required.

Approval - All Disbursement Request Forms must be signed by the authorized Fund Administrator and the appropriate Dean, Director, Vice Chancellor or Senior Vice Chancellor.

The Expense Sheet

This form must be attached to a Disbursement Request Form and/or an Accounting for Cash Advance Form whenever an employee is reimbursed for out-of pocket expenses such as travel, supplies, books, or dues. All expense sheets must be accompanied by **original** receipts. **Foundation policy does not allow payment of per diem.** All travel and entertainment expenses must comply with IRS regulations *and state the TROY business purpose* for reimbursement.

Payee Name and Fund Number - This information should be the same on both the Disbursement Request Form and the Expense

Date, Description, and Travel Origin - For all expenses, the description should be as complete and concise as possible.

- Receipts should be organized by date and expense type and taped in that order to a plain piece of paper.
- Expenses should be totaled by date and type, the totals should then be transferred to the appropriate line and column on the Expense Sheet.
- Travel expenses include lodging, airfare, mileage, gas, taxi fares, tolls, parking, charges for use of hotel telephone or fax, tips, or meals. Gasoline costs **or** mileage for a trip may be reimbursed. An itinerary of the trip should be attached whenever possible. Foundation funds may not be expended for first class travel.

- The amount on the receipt to be reimbursed should be highlighted and the expense type should be indicated, if it is not clearly evident. Receipts in foreign currency must refer to the exchange rate used and have the U.S. dollar equivalent written on each receipt.
- Detailed information must be provided for meals or entertainment.
- Foundation funds may not be expended for club dues, lavish holiday, retirement, or other parties without approval of the University Chancellor.

Certification of Expenses - Expense Sheets **must** be signed by the payee, the Fund Administrator, and the supervising Dean, Director, Vice Chancellor or Senior Vice Chancellor.

Purchase of Goods and Services from Vendors

1. Whenever possible, purchase of goods and services should be made utilizing the University's purchasing function. This can be accomplished by transferring funds from the Foundation to an appropriate University Fund/Account. However, in instances where it is determined by a Senior Vice Chancellor or Vice Chancellor that it is in the best interest of the university to purchase goods or services through the Foundation, such purchase may be made.
2. A Disbursement Request Form and original invoice(s) or receipt(s) are required for all purchases and reimbursements. In certain circumstances a disbursement may be necessary prior to the purchase of goods and services. If a check is payable to an individual, a written justification and a signed Cash Advance Acknowledgment Form must accompany the Disbursement Request, with receipts, an Accounting for Cash Advance Form, and an Expense Sheet. If a balance of funds is to be returned to the Foundation, an Asset Transmittal Form must be included and forwarded to Foundation Accounting Services. If a check is payable to a vendor, a written justification along with a written quotation from the vendor must accompany the Disbursement Request Form, with invoice(s) to follow. A signed Expense Certification Form with written justification must be provided if, for any reason, an original invoice or receipt is not attached to a Disbursement Request for reimbursements. In the case of a direct payment to a vendor, if an original invoice cannot be provided, the invoice copy should contain a statement signed by the Fund Administrator indicating that department records show that the invoice has not been paid by any other source. Nonreceiptable expenses, such as tips, are not required to be listed on this form.
3. Payments to individuals for services must be accompanied by an invoice and Certification of Independent Contractor Status Form. The payee cannot be an employee of Troy University or an affiliated organization. Payments to nonresident aliens must follow appropriate policy.
4. Disbursement requests for purchases of capital goods in excess of \$5,000 per item must be accompanied by an Equipment Acquisition Control Form. These items are reported to the Troy University Property Accounting office so that all appropriate equipment, etc. will be placed on the correct inventory lists.

5. Disbursement requests for any computer or communication related purchases are subject to the policies and procedures of the Office of Information Technology.
6. Title for all equipment purchased will be transferred to the University for inventory purposes.
7. Requests for payments relating to a reception or any gathering where food or refreshments are served should be accompanied by a copy of the flier or announcement if available. Provide details such as date, time and reason for the event. In addition, a list of attendees is requested. If a list of attendees is not available, please identify the group and approximate the number attending.

Travel and Entertainment

1. Travel advances are discouraged but are sometimes necessary. Requests for travel advances must be accompanied by a signed Cash Advance Acknowledgment Form. These requests must include a detailed itinerary stating the business purpose and benefit of the travel to the University, an estimated date of substantiating expense report, and a schedule of proposed expenses. The original receipts are to be submitted to the Foundation Accounting Services Office upon completion of the travel, along with an Expense Sheet. To account for excess cash, completed Accounting for Cash Advance Form along with an Asset Transmittal Form should be submitted and forwarded to the Foundation Accounting Services office with the check. If additional reimbursement is required, the original receipts and Expense Sheet must be submitted and attached to a new Disbursement Request Form.
2. The Foundation does not pay per diem; original receipts are required and should be taped to a sheet of letter-sized paper and attached to the Expense Sheet. If an original receipt is not available, an Expense Certification Form, signed by the payee, must be provided. An itinerary should also accompany the Disbursement Request Form. Receipts should be dated and have the vendor's name printed on them. Hotel bills must be itemized, with business expenses indicated. Receipts for meals which are for more than one person must clearly indicate the names of all who attended the meal. It is important to state the business purpose. IRS regulations require detailed information for such reimbursements.
3. Persons using travel agents should make the reservations and pay for them personally, and then submit a request for reimbursement upon completion of the travel. **Expenses may not be charged to an account in the name of the Troy University Foundation.**
4. In order to be reimbursed by the Foundation, meal expenses must be considered deductible business expenses by the Internal Revenue Service. The expense must be incurred for a clear business reason. Business meals and away from home meals incurred while traveling on business are reimbursable if the travel includes at least one night of lodging away from home. Meals must be consumed away from home (e.g. breakfast eaten in Troy prior to traveling out of town is not reimbursable). Meals consumed while not

away from home are not normally reimbursable by the Foundation. IRS allows certain exceptions. The primary exceptions are:

- a. A faculty/staff member has a meal with a prospective donor or volunteer
- b. A faculty/staff member has a meal with a representative of an external business related organization to discuss matters of benefit to the University.
- c. Faculty/staff have a meeting with a Troy business purpose and the meal is consumed during that meeting.
- d. A unit or department-wide holiday party for employees
- e. The cost of a meal for a spouse may be reimbursable if there is a clear business purpose, rather than a personal or social purpose for the spouse's attendance (tax standard: reimbursable if 'impractical to entertain for the business purpose without the spouse'). The following meals are not considered reimbursable by the IRS:
 - a. Meals furnished to promote goodwill or boost morale
 - b. Meals that have no business benefit to the University

Requests for reimbursement of meal expense must include an explanation of the business purpose, names and relationship of those attending, date and location. A completed Expense Sheet must be submitted. Any such meal expense must not be lavish or extravagant in accordance with both IRS and Foundation policies. **It is important to judge all expenditures in light of our responsibility to the public and our donors.**

5. Travel expenses incurred by or for the benefit of a nonresident alien must comply with the applicable policy.
6. Requests for reimbursement for travel and entertainment must comply with IRS regulations. Reimbursements subject to tax consequences are considered salary supplements which cannot be paid directly by the Foundation and should be submitted, according to salary supplement guidelines, to the University.

Payments to Students - Scholarships, Fellowships, Assistantships or Awards

All need-based financial aid to students is to be handled through the Office of Student Financial Services according to Troy University policy. Monies can be transferred to an appropriate University account to handle these payments.

Payments to Independent Contractors - Services Rendered

1. Payments for services must be made directly to the individual who performs the service. An IRS Form 1099 will be issued by the Foundation to the recipient for income tax purposes.
2. Disbursement Requests Forms must contain the individual's full name, permanent address used for income tax purposes, Social Security Number (SSN), or taxpayer identification number.

3. Requests for payments for services must be accompanied by a signed Certification of Independent Contractor Status, an invoice for services rendered, or a copy of a contract or a letter of agreement.
4. Payments for services cannot be made directly by the Troy University Foundation to any employee of Troy University or an affiliated organization.
5. Payments to nonresident aliens are subject to specific and numerous statutes and regulations. Payments to nonresident aliens as “independent contractors” must be processed through Troy University Payables to ensure compliance with all IRS regulations and federal laws. Monies from Troy University Foundation funds may be deposited in an appropriate Troy University account to cover these expenses.
6. When contracting with third parties for services to be paid for by the Foundation, the hiring of family members can raise concerns about conflicts and favoritism. Before contracting with a family member or a family member’s business, the employee should obtain written bids from several parties (including the family member). In addition, the employee shall have the business arrangements approved in advance by the employee’s supervisor.

Advances to Individuals

Salary Advances

1. Advances should be made through the appropriate University vehicle, e.g., student loans through the Office of Student Financial Aid and payroll advances through the payroll system.
2. Advances to faculty and staff may be made for missed payroll and travel. Advances cannot be made prior to the money being earned. Advances must be repaid on the first pay day following the receipt of the missed payroll check. The amount requested should not exceed the amount expected less applicable deductions (taxes, etc.). Requests must be accompanied by justification of the purpose of the advance and a completed and signed Promise to Repay.
3. Fund Administrators are responsible for following up on salary advances for collection and repayment to the Foundation. When this responsibility is not practical, funds for advance purposes should be transferred to Troy University to ensure appropriate attention.

Travel Advances

1. Advances for travel are available to full-time employees and adjunct faculty of Troy University for out-of state/international travel on Troy University business

only. A request for advance travel funds must be accompanied by an approved out-of-state travel form which includes an estimated travel cost. The minimum allowable request is \$200.00 and the maximum is \$1,500.00 in country and \$3,000.00 for international travel. A request for more than \$1,000.00 requires the signature of the employee's supervisor.

2. Employees requesting travel advances must sign a promissory note (which begins to accrue interest immediately) prior to receiving funds. If the advance is repaid in full within 45 days after completion of travel, interest charges will be waived.

Repayment of Advances

The name of the individual who received the advance (as originally submitted to the Foundation), the Fund number against which the original advance was charged, and the original Foundation check number should be provided. If the advance is not repaid promptly, the University may recover through payroll deductions of wages or salary.

Cellular Telephones

Purchase of Cellular Telephone

The purchase of a cellular telephone must be approved in advance by the appropriate Senior Vice Chancellor or Executive Vice Chancellor. A copy of the approval must be submitted with the Disbursement Request Form for payment of the telephone. All telephones purchased with Foundation monies are the property of the Foundation unless transferred to the University and issued a decal by University Property Services. The invoice submitted for payment of the purchase of a cellular telephone must clearly indicate the model number and applicable serial number(s). There must also be a written statement describing the business use of the telephone.

Monthly Service Costs

All cellular service is to be established in the name of the individual responsible for the use of that service. The bills should be sent to that individual. Reimbursement for the business use of the telephone will be requested by utilization of the Expense Sheet form and Disbursement Request Form. These forms must have all appropriate authorization signatures. The charges applicable to personal calls should be deducted from the amount billed to determine the amount to be reimbursed, as a business expense. It is the individual's responsibility to pay the vendor directly for the service. IRS regulations require the users of cellular telephones to maintain a log of all calls made and received. The log should include the date, the time, the airtime used, and the purpose of the call. It is the individual's responsibility to produce this log should the IRS audit that individual's tax return.

Payments to Nonresident Alien Visitors - Honoraria and Reimbursements

Payments to nonresident aliens (NRA) visitors **must be planned in advance** of the visit. This planning will save time and embarrassment for the college or unit and the visitor. Troy

University Foundation can reimburse directly for Troy University related business expenses, in accordance with IRS requirements. In order to reimburse an NRA for business expenses, Troy University Foundation requires the following:

1. A fully completed Disbursement Request Form that clearly states the business purpose of the expense and the benefit to Troy University.
2. A fully completed Expense Sheet with all signatures.
3. **Original** receipts to substantiate the expenses. The Troy University Foundation cannot make payments directly to or for the benefit of nonresident aliens **if** the payment is considered income by IRS standards (honoraria, gifts, and non-business expenses).

FOR SUCH EXPENSES THAT CANNOT BE PAID DIRECTLY BY THE TROY UNIVERSITY FOUNDATION, MONIES FROM THE TROY UNIVERSITY FOUNDATION FUNDS MAY BE DEPOSITED INTO AN APPROPRIATE **TROY UNIVERSITY** ACCOUNT FOR PROCESSING THROUGH THE UNIVERSITY'S SYSTEM.

Request for Stop Payment or Void Check

1. Such requests should be made on a Stop Payment/Void Check Request Form.
2. The Form must state the reason for the action and be signed by the appropriate Fund Administrator and Dean, Director, Senior Vice Chancellor or Vice Chancellor.
3. When requesting that the Foundation void a check, attach the check to Form.
4. A stop payment requires confirmation from the bank. To reissue a check requires a new Disbursement Request Form with the appropriate documentation and signatures.

Fund-to-Fund Transfers

No monies may be transferred from one fund to another fund without specific written approval of the supervising Dean, Director, Vice Chancellor or Senior Vice Chancellor. Donor approval must be obtained for transfers not in compliance with donor imposed restrictions.

In order to initiate a fund-to-fund transfer, the Fund Administrator must complete a Fund-to-Fund Transfer Request form. This form must be completed with all the information, including the approval of the Fund Administrator and the appropriate Dean, Director, or Vice Chancellor or Senior Vice Chancellor. An officer of the Foundation must approve the transfer before it is processed.

Transfers from endowed spendable fund(s) to the corresponding endowed principal fund(s) are processed at the beginning of a calendar quarter. This is done to ensure fair and equitable earnings distributions.

Please note that fund-to-fund transfers only affect fund balances and do not impact the donor records. If donor records need to be adjusted, contact the Donor Relations Coordinator at the Foundation. A fund-to-fund transfer should **not** be used to correct a receipting discrepancy

Advance Spending Policy

It is the policy of the Foundation to allow Fund Administrators to expend only those monies currently on deposit in their funds. Foundation policy does not allow deficit spending from Foundation funds.

In rare circumstances where “advance” spending would provide a unique opportunity for a Fund Administrator, a request for a waiver of this policy may be made to the Foundation’s Treasurer. Contact Foundation Accounting Services for further details.

Inter-Fund Loans

There may be rare circumstances where a fund might require operating capital in excess of its available balance and those needs could not be met by the advance spending policy. For those situations, a Fund Administrator may submit a request to the Foundation’s Associate Vice Chancellor for Development and the Treasurer for an inter-fund loan. Contact Foundation Accounting Services for further details.

Gift Receipt and Processing

All gifts for the benefit of the University must be sent immediately to Foundation Accounting Services office for deposit. All assets sent to the Foundation for deposit and receipt should be accompanied by a completed Asset Transmittal Form directed to Foundation Accounting Services. All checks of \$10,000 or more and all negotiable securities should be hand-carried to the Treasurer to expedite processing and to ensure receipt by the Foundation. The Foundation cannot accept gifts if they: - involve contract deliverables, fees-for-services and proprietary research or sales of merchandise; - would jeopardize the Foundation’s tax-exempt status.

- B. **Definition of Gifts.** Gifts are donations from individuals, businesses, and public and private foundations that arrive with no expectation of a return of service or product and no contractual requirements accompanying it, either written or oral. It is an irrevocable transfer of money or property.
- C. **Gift Acceptance.** The Board of Directors (“Board”) of the Foundation authorizes the President of the Foundation (“President”) to accept gifts for all purposes within the purview of the Foundation and of Troy University (“University”), subject to the requirements of this policy and with policies established by the

Troy University Board of Trustees. The Foundation Board retains exclusive authority to consider the acceptance of the following kinds of gifts:

- (1) Gifts which require the Foundation or the University to build new facilities or establish new programs not previously contemplated;
- (2) Gifts with unusual or narrowly drawn restrictions; and;
- (3) Gifts of assets with limited marketability or on which the donor has set conditions that severely limit the Foundation's ability to make disposition of assets.

Gift Receipts and *Quid Pro Quos*

A receipt/acknowledgement is sent to each donor upon receipt of the gift. The receipt reflects the amount or type of the gift and the value of any item (*quid pro quo*) received by the donor. Special acknowledgements are sent to donors and families or honorees for memorial and tribute gifts. Receipts are not sent for non-gift items, such as expense refunds.

A "*quid pro quo*" is a payment made partly as a contribution and partly for goods or services provided to the donor by a charity. An example of a *quid pro quo* contribution is when a donor pays a charity \$100 to attend a dinner event. The market value of the food and entertainment is \$40. This amount is not what the charity pays for the food and entertainment, but rather the market value of those items. Accordingly, \$60 would be eligible as a tax-deductible gift. An additional example is when a donor is promised a specific item in exchange for a gift, e.g., for each \$100 contribution the donor will receive a \$25 alumni directory; this results in a \$75 gift. *Quid pro quo* amounts must be determined by the organization hosting the event.

IRS regulations require that a donor, in order to obtain a charitable contribution deduction for federal income taxes, must substantiate any charitable contribution of \$250 or more with a receipt (a canceled check is specifically not sufficient) from the Troy University Foundation, indicating the amount of the payment, the value of any *quid pro quo* received by the donor from the Foundation or University, and the resulting amount of the gift. In addition, the IRS requires the receipt to state affirmatively if the donor has not received any *quid pro quo* resulting from the gift transaction. The Foundation receipts will reflect these requirements.

To comply with these requirements, the Asset Transmittal Form requires a statement by the Fund Administrator, upon transmittal of any asset to the Foundation, as to whether the donor was provided with any *quid pro quo*. The Accounting for Fund-Raising Event and *Quid Pro Quo* Form should be used whenever a *quid pro quo* is provided to the donor. It should be understood that IRS imposes penalties for providing false written substantiation to a donor.

Types of Gifts

Gifts are received in a variety of forms: cash, credit cards, checks, property, securities, life insurance contracts, and gifts-in-kind.

Unrestricted Gifts

These gifts are given without any restriction by the donor. Such gifts will be applied to the Foundation's Annual Fund unless the amount is over \$5,000. Whenever the amount exceeds \$5,000, the Foundation President may apply the gift to an appropriate project and will so inform the Foundation Board of his action.

Restricted Gifts

These gifts have donor restrictions or come to the University restricted for a specific use or purpose. Restricted gifts will be applied to the purposes designated by donor to the extent that donor's desires are documented and not inconsistent with Foundation or University policy or law.

Non-Cash or In-Kind Gifts

The Foundation must approve in advance the acceptance of all non-cash gifts, except publicly traded securities. If such gifts are accepted, the needs of the University will determine whether the gift is held or sold, or ownership is transferred to the University. When property is transferred from the Foundation to the University, it is subject to all normal restrictions on University property.

A Gift-In-Kind Information Form must be completed for all gifts-in-kind. For gifts of equipment, an Equipment Acquisition Control Form must also be completed. Either of these forms must be accompanied by an Asset Transmittal Form and all correspondence relative to the gift.

The receipt sent to the donor for a non-cash gift will describe the gift (e.g. 20 IBM personal computers, 14 shares of XYZ common stock), but will not assign value to the non-cash gift.

For non-cash gifts, other than securities, the benefiting department and/or the Foundation administration is required to pay all holding cost of the asset including but not limited to: taxes, maintenance, commissions, assessments etc.

For non-cash gifts (except publicly traded securities) with a value in excess of \$5,000, it is necessary for the donor to complete and file an IRS Form 8283 in order to obtain a charitable contribution income tax deduction. As a courtesy, donors of non-cash gifts are sent a copy of IRS Form 8283 and an explanatory letter detailing how to report the gift for income tax purposes. The donor must submit the completed form to Foundation Accounting Services for acknowledgement signature.

IRS regulations state that the individuals authorized to sign the Foundation's tax returns are the only authorized signatories for Form 8283. Any such forms sent to constituent university offices should be forwarded to Foundation Accounting Services. In addition, IRS Form 8282 must be filed by the Foundation upon the sale or disposition (within two years of receipt) of major gifts of real and personal property that was valued at \$5,000 or greater. The Foundation must file this form within 125 days of the date of sale or disposition of the asset.

Non-cash gifts of real and personal property—such as land, houses, paintings, antiques, and rare books are reported at the fair market value placed on them by an independent, expert appraiser. Small gifts of real and personal property—such as rare books and prints—with the apparent worth of less than \$5,000 may be valued by a Foundation approved individual. Tangible non-cash gifts are subject to review by the Treasurer of the Foundation.

Non-cash gifts of real estate must have the following:

1. A title search and title policy – (preferably) donor pays all costs related to title search and title policy
2. Appraisal – an initial appraisal must be made on the property (or an appraisal that is no more than 2 years old must be provided) donor pays for the appraisal.
3. A marketability check
4. An on-site evaluation
5. Conveyance by warrantee deed
6. Donor payment of:
 - a. Any applicable taxes
 - b. Any applicable insurance costs
 - c. Any applicable holding costs

All costs to hold the property or maintain the property requires a signed agreement between the donor and respective benefiting Troy University Department.

Non-cash gifts of Publicly Traded Securities - If a donor desires to make a gift of publicly traded securities, the Foundation Accounting Services office or the Development office should be contacted for specific instructions and assistance.

Gifts of Deferred Giving Instruments

Charitable remainder trusts and gift annuities should generally be recorded at fair market value, i.e., the full amount of the assets given. Charitable lead trusts will record only the income received during the period of operation of the trust.

Insurance Gifts

All Insurance gifts must be submitted to the Foundation Vice President as well as the Treasurer for evaluation. Insurance gifts must name Troy University Foundation as both beneficiary and irrevocable owner of the policy. When a new or existing policy is given, Troy University Foundation should report the *present* value of the policy rather than its face value, as the amount of the gift.

Payroll Deductions

Troy faculty and staff members may make charitable contributions to any fund with an active status at the Foundation through payroll deduction. To initiate a payroll deduction, a completed

Faculty-Staff Payroll Deduction Gift Authorization Form should be submitted to the Foundation. The employee-donor should indicate the total amount to be deducted and the fund number or name of the program being supported. Payroll deductions are made from 12 or 24 pay periods annually. Payroll deductions will continue until employment terminates or until the Foundation is notified, in writing, of the donor's desire to cease the deduction. Include the Social Security Number (SSN) on all correspondence regarding payroll deductions.

Pledges

General Pledge Form

It is very important that the date on which the donor's pledge payments will begin and the frequency of the pledge reminders are detailed. A completed form should then be sent to the Donor Relations Coordinator.

Non-Gift Items

Generally, non-gift monies should **not** be deposited with the Foundation. However, if approved by the Foundation Treasurer, a non-gift item for deposit should be submitted to the Foundation accompanied by a completed Asset Transmittal Form. All information on the form should be completed as required for gift items. Copies of all pertinent documentation or correspondence should be attached to the Asset Transmittal Form.

Expense Refunds

The Foundation cannot accept payment for expenses that were paid for by University or state lines of funding. These items should be sent directly to the University Cashier for deposit into the appropriate University account. All other non-gift items should include a detailed description of the item and a reason for depositing these items into a Foundation Fund. All non-gift items are subject to review before being accepted and deposited by the Foundation.