

# Frostburg State University Foundation, Inc.

## Standard Operating Policies & Procedures

*(Revised June 6, 2025)*

### TABLE OF CONTENTS

Introduction .....	1
Funds .....	2
Fund Types.....	2
Endowed Funds.....	2
Holding Funds.....	4
Development Funds (Program Support Funds) .....	5
Pass-Through Funds .....	5
Grants .....	6
Student Loan Fund.....	6
Initiative Funds .....	6
Operating Funds.....	7
Fee Structure .....	8
Earnings on Invested Funds .....	8
Fee Charges.....	9
Fund Reporting.....	10
Budget Process .....	11
Pre-Approval.....	11
Deposit of Funds.....	12
Fund Receipts.....	12
Development Fund Revenue.....	13
Acknowledgment Procedures .....	14
Tender .....	14
Expenditure Guidelines and Procedures .....	18
Travel .....	19
Salaries .....	20
Goods and Services .....	21
Definitions.....	22
Advances .....	24
Miscellaneous Items .....	25
Acceptable Expenditures.....	25
Non Reimbursable Expenditures .....	25
Inventory Control.....	25
Gifts-in-Kind Donated to the University.....	26
Employment Practices .....	27

Investment Policy Statement.....	29
Preface to the Investment Policy .....	29
Investment Statement .....	29
Authority of Implementing the Investment Policy .....	29
General Investment Objectives.....	30
General Risk Parameters .....	30
Liquidity .....	30
Diversification.....	30
Investment Restriction/Prohibitions .....	30
Review and Evaluation.....	31
Asset Allocation Guidelines.....	31
Spending Policy.....	32
Charitable contribution Policy Procedures.....	33
Preface to the Charitable contribution Policy .....	33
Policy Statement .....	33
Methods of Giving.....	34
Recognition of Charitable contributions .....	34
Unrestricted and Restricted Endowed Funds/Programs .....	35
Naming Opportunities.....	35
Special Programmatic Naming Opportunities.....	35
Naming Opportunities within existing facilities .....	35
Cash Charitable Contribution	
Charitable Contributions by Check.....	36
Charitable Contributions by Credit Card.....	37
Charitable Contributions by Electronic Funds Transfer (EFT).....	37
Charitable Contributions of Securities and Methods of Delivery.....	38
Non-Traditional Investments .....	39
Real Estate.....	39
Tangible Personal Property/Gifts-In-Kind .....	40
Planned Giving.....	42
Bequest in Will .....	42
Designating the Purpose of a Bequest .....	43
Sample Bequest Language .....	44
Charitable Contributions that Provide a Beneficiary Payment .....	45
Charitable Gift Annuity .....	45
Deferred Gift Annuity.....	45
Charitable Remainder Unitrust.....	45
Charitable Remainder Annuity Trust.....	46
Charitable Lead Trust .....	46
Charitable Contributions of Life Insurance.....	47
Charitable Contribution of a Remainder Interest in a Personal Residence or Farm.....	47
Awards .....	48
Pinnacle Award.....	48
Final Approval, Acceptance, and Execution by the FSUF .....	50
Public Information Policy .....	51
Release of Information .....	51

Confidentiality of Information .....	51
Periodic Reassessment of the Policy .....	52
Contingency Clause .....	52
Conflict of Interest Statement .....	53
Conflict of Interest Disclosure (FORM) .....	56
Annual Certification Statement (FORM) .....	62
Trustee Background Affirmation Statement (FORM) .....	64
Annual Consent Form (FORM) .....	66
Whistle Blower Policy .....	67
Document Retention Policy .....	69

## ❖Introduction

The Frostburg State University Foundation, Inc. (Foundation or FSUF) was created in 1970 with the primary purpose of fostering, encouraging, and promoting the growth, progress, and general welfare of Frostburg State University (FSU or University).

The Board of Directors is a volunteer body comprised of between 10 to 40 alumni, University, and civic leaders who work to establish priority areas of support to the University. The Foundation manages an endowment and other funds which are generated through contributions and fundraising projects for use in scholarships, grants, research projects, cultural events, and other worthy support programs.

Note: The FSUF will not entertain affinity or other programs that require or suggest a special or preferential relationship with an individual, service provider, business, or other entity. The FSUF and the University Advancement Office are to focus exclusively on those fundraising activities that secure fully tax-deductible charitable contributions.

## ❖FUNDS

Funds must be consistent with the mission of the Foundation and in support of scholarships or program(s) of the University. A request to open a fund may be made by signing a Memorandum of Understanding (MOU). The opening of all funds for usage here of must be approved by the FSUF Executive Committee.

The request to open a fund must be with the full knowledge of the appropriate University officials and in most cases will have the department chairman or program director as the Fund Representative responsible to the Foundation.

Funds may be made inactive and closed for one or more of the following reasons:

- There is a zero dollar balance and no additional income is anticipated.
- There has been no income received or expenditures made for three fiscal years. If there is a fund balance, the fund representative will be contacted with the option to make the fund active again by making a deposit or authorizing an appropriate expenditure. If that is not possible, a list of FSU Foundation funds that closely match the fund purpose described in the fund's memorandum of understanding will be provided for the fund representative to authorize a transfer of the remaining fund balance.
- The Initiative funds set up for FSU Foundation Opportunity Grants will be closed at the end of the fiscal year with all remaining funds being transferred back into the Foundation fund that was used to open the fund unless a written request for an extension is received.
- An endowed fund will only be closed if the donor defaults on their pledge and the minimum endowment level has not yet been met. Every attempt will be made to follow the donor intent as closely as possible for the use of the funds, but approval for the transfer of funds will be made as follows:

TRANSFER AMOUNT	APPROVED BY
<\$5,001	FSUF Executive Director
\$5,001-\$10,000	FSUF Executive Committee
>\$10,000	FSUF Board of Directors

## Fund Types

### Endowed Funds

(i.e. 40### / 43### scholarship/student aid, 44### quasi-endowments, 47### multi-purpose, 48### non-scholarship)

The FSUF may approve the establishment of a special purpose and/or unrestricted endowed fund upon receipt of a charitable contribution or commitment which meets its approved financial and other criteria. Endowed funds bearing individuals' names and any other unrestricted funds must be approved by the FSUF Executive Committee.

In all cases, the establishment of a special purpose endowed fund requires the prior approval of the FSUF (Executive Director) and the University (President), evidenced by signature on the MOU. Endowed funds shall be credited with earnings on invested funds in accordance with the Foundation's investment strategy and approved fee structure. Income available for award shall be determined by the Board's investment and endowment spending policies. Criteria for fund usage and designation of the appropriate Fund Representative must be approved by the Executive Director.

The Board votes annually on the spending policy for endowed funds. The funds eligible to be spent will remain in the endowment until the appropriate expenditure documentation is received. Fund representatives may request only up to the amount of money allocated for the current fiscal year. Any funds that are not utilized will remain invested for future endowment growth and are not permitted to be transferred to another fund or carried over and added to future fiscal year spending amounts.

Exception: For non-scholarship endowments, the Board realizes there are special circumstances, such as expensive equipment purchases, when the annual spending policy amount alone would be insufficient to cover the cost. Therefore, the fund representative may submit a proposal to save up to five years of spending policy amounts to be spent all in one year. In order to qualify, the fund representative must submit a written proposal to the Foundation office detailing their plan, timeframe, and approximate cost no later than December 31 to start saving that fiscal year's funds. Approval will be sought for the proposal based upon the expected expenditure amount as detailed below. Note that any modifications to the plan require a written request for approval and that it should not be assumed that prior years' savings will automatically be allowed to be considered for the new plan. In addition, it should not be assumed that because a request was approved in the past a future similar request will also be approved.

EXPENDITURE AMOUNT	APPROVED BY
<\$5,001	FSUF Executive Director
\$5,001-\$10,000	FSUF Executive Committee
>\$10,000	FSUF Board of Directors

Because conditions change over time, all endowment instruments, Memorandums of Understanding, or similar mutually accepted and approved agreements should contain the following contingency clause:

*"If, in the unlikely event that at some time in the future it becomes impossible or impractical to fulfill the requirements of this [Memorandum of Understanding], the Board of Directors of the FSUF, in consultation with FSU and the Donor, if available, shall utilize this Fund as closely as possible in accordance with the purposes described in Section 2 [Purpose] of this document."*

Endowed funds require a signed commitment of a minimum of \$10,000 (amount subject to change by approval of the FSUF). However, no expenditures can be made until the historic gift value (total of the contributions) is at least \$10,000 and has been invested for at least one full-year (\$10,000 has to be invested by March 31 so that by July 1 of the next year the spending policy amount can be spent).

At the \$10,000 level the donor can name the fund and set one criterion for the award. To set more than one criterion for an award there is a \$25,000 minimum level, but the fund can start to make awards following that criteria once the \$10,000 level has been reached.

Commitments made through an estate provision or multi-year pledge in excess of five years are subject to minimum funding requirements at the time the commitment is fulfilled. Should the charitable contribution be insufficient to meet the minimum funding requirements set for endowed funds by the Foundation at any time for any reason, the charitable contribution will be used by the Foundation at the discretion of the Board of Directors in a manner most closely approximating the donors purpose as stated in Section 2 [Purpose] of the Memorandum of Understanding. Endowed funds that were funded prior to June 1, 2018 will not be subject to the same criteria limitations as stated above.

Each fund will have a fund designee to receive fund information. If a donor, family member or representative cannot serve, the Frostburg State University Foundation, Inc. shall be designated.

Commitments for contributions must be negotiated and accepted on behalf of the Foundation by the Executive Director or designated representative. (i.e. University Advancement Staff or University President).

## **Holding Funds**

(79###)

Holding funds are established when no formal commitment to establish an endowed fund has been determined in advance (i.e. memorials) or with a signed bequest intention.

Holding funds can be established under the following conditions:

- a) with a minimum contribution of \$500.00; and/or
- b) upon the death of an individual whose friends or family send contributions to memorialize the individual. In this case, when no pre-existing fund exists, funds are placed in a holding fund until the amount and intent can be established; and/or
- c) when estate provisions have not yet been realized. (This allows the donor, family, and friends to contribute to the fund in advance of the bequest gift being realized).

Holding funds must have a fund designee. Holding funds will be reviewed annually. Funds may be closed with the balance transferred for appropriate use as approved by the FSUF Executive Director, if the amount in the fund is \$5,000 or below, or by the Executive Committee, if the fund has more than \$5,000 but under \$10,000.

A holding fund may be closed with the balance transferred to establish an endowed fund when sufficient funds are made available or are anticipated through a signed commitment of gift (i.e. pledge). When a holding fund reaches the minimum endowed fund amount (\$10,000), the fund will be closed with the balance transferred to an endowed fund, activating an existing MOU for that fund, or requiring an MOU be signed by the fund designee

Note: University friends can be memorialized or honored on our memorial wall/wall of honor with a contribution of

\$500.00. Contributions of any amount are accepted as memorial gifts.

### **Development Funds (Program Support Funds)**

(i.e. 70###, 78###, 80###, 82###, 86###)

Development funds represent monies raised or contributed for specific program support of schools, departments, divisions, special interests, or for programs approved and recognized by the University.

All development funds must have on record a Memorandum of Understanding stating the purpose of the fund.

Funds related to the support of specific departments shall have the Department Chairman (or his/her designee) as the Fund Representative.

Development funds can be established for a recommended minimum amount of \$500 upon approval of the FSUF Executive Committee. All development funds are subject to a maintenance fee as defined under the fee structure.

Each development fund must have a designated Fund Representative responsible for submitting deposits and expenditure requests on the appropriate forms for the fund. The Fund Representative will receive all fund information and agrees to abide by the standard operating procedures of the Foundation. Failure to abide by the Standard Operating Policies and Procedures of the FSUF constitutes sufficient cause for FSUF to replace the Fund Representative with a new one.

Interest earned on development funds accrues to the FSUF for general operating expenses.

### **Pass-Through Funds**

(i.e. 60###, 63###, 64###, 65###, 66###, 68###)

Pass-through funds can be opened upon approval of the FSUF Executive Committee. All pass-through funds must have on record a Memorandum of Understanding stating the purpose of the fund. Criteria for fund usage and designation of the appropriate Fund Representative must be approved by the Executive Director.

The purpose of a pass-through scholarship fund (60### / 66###) is to facilitate the administration of scholarship award dollars on an annual basis.

Pass-through scholarship funds require a gift of at least \$500 annually for a minimum of three years. At this level the donor can name the scholarship and set one criterion for the award. For a gift of at least \$1,000 annually for a minimum of three years the donor can name the scholarship and set two criteria for the award. For an annual gift of \$5,000 or more the donor can name the fund and negotiate criteria to be approved by the Executive Director. Funds to be disbursed for the next academic year must be received by March 15. No awards can be made in advance of receipt of funds. Pass-through funds are not subject to a maintenance fee as defined under the fee structure.

The purpose of a pass-through fund (64###) is to facilitate the administration of Foundation owned Life Insurance Policy premiums. They are also used to record expenditures the Foundation makes that are reimbursed by the University.

Pass-Through Funds (63###, 65###, 68###) can be opened that “shadow” an endowed fund for the purpose of making an award upon approval of the FSUF Executive Committee. Donors may utilize this feature to make an immediate impact, and do not require a minimum amount or annual commitment. Some reasons for creating a “shadow” fund include:

- One-year waiting period before investment allows for an expenditure (See spending policy); or
- When donor(s) has/have a multi-year pledge for a fund that has not reached the minimum balance; or
- If a donor prefers to provide pass-through funds instead of utilizing funds from the endowment for any given fiscal year.

Note: "Shadow" pass-through funds are awarded using the criteria of the endowed fund it shadows.

## **Grants**

(58###)

It is the policy of FSU to administer any programs supported by grant dollars through the FSU Business Office and the Office of Research and Sponsored Programs. In some circumstances and upon approval by the appropriate FSU officials, FSU may request FSUF to administer grant dollars.

For proposals that FSU determines require the use of the FSUF 501(c)3 status and for which the formal FSU grant approval process has been followed, the FSUF will be a favorable participant per its standard operating procedures. It is the policy of the FSUF that whenever reasonably possible, any funds for the support of an FSU supervised and sponsored project or program be administered through the FSU Business Office and the Office of Research and Sponsored Programs in a manner consistent with normal FSU business practices. This includes, but is not limited to, purchase of equipment, materials, personnel contracts, awards, financial aid, unrestricted grants, etc...

All grant co-sponsorship requests to FSUF must include a statement indicating FSU acceptance of the transfer of appropriate grant funds and oversight of participants and programs.

## **Student Loan Fund**

(10700) Emergency

Emergency student loans can vary in the amount available, terms, repayment schedules, and intended recipients. It is recommended that loans be made for durations of 90-days or less. The loan program has specific criteria on file in the Foundation Office. Loan recipients must be recommended by the appropriate University Official which includes routing through the Office of Financial Aid for undergraduate students and the Office of Graduate Studies for graduate students. Loans of \$2,000 or less may be approved by the Foundation's Director of Administration and Finance; loans in excess of \$2,000 must be approved by the FSUF Executive Director. Signed legal loan agreements must be completed by each recipient for loans of any amount. A hold is placed on the student's record to assure repayment of the loan.

Student loan funds are not subject to a maintenance fee as defined under the fee structure.

## **Initiative Funds**

(i.e. 3#####, 50####, 90####)

Initiative funds represent University-wide initiatives which may include, but are not limited to:

- state, regional, or national special events
- promotions or special campaigns as requested by the University through the Office of the President, by the executive committee of FSUF, or by the FSUF executive director.

Initiative funds may be established for any amount upon approval of the FSUF Executive Committee. Each

initiative fund must have a designated Fund Representative responsible for approving all expenditures. The Fund Representative shall receive all fund information and agrees to abide by the standard operating procedures of the Foundation. Initiative funds are not subject to a maintenance fee as defined under the fee structure.

**University Projects and Promotions Fund  
(90424)**

This fund is designated for the use of the FSU President for purposes of cultivating prospects and donors and in promoting FSU and FSUF. All authorization-to-pay requests require the signature of the president. Review of the request and the check approval is to be completed by two FSUF corporate officers who are not employed by FSU. (The Executive Director of the Foundation cannot approve expenditures from this Fund.)

**Operating Funds**

(0#####)

Operating funds represent internal FSU Foundation funds which may include, but are not limited to:

- Individual property funds
- Operating expense funds
- Funds necessary to record audit entries (i.e. Receivables, Assets, Unrealized Gain/Loss, etc.)

## ❖ **FEES STRUCTURE**

The FSUF has a responsibility to its constituencies and to the Board of Directors to preserve the capital assets of the Foundation, to earn an equitable rate of return on all assets, and to operate in accordance with established policies and procedures. To cover its administrative (direct & indirect) costs and to build appropriate reserve funds, specific funds are managed in accordance with the following guidelines:

The investment portfolio is reduced by the appropriate costs paid for its professional management (USM investment managers). Additionally, the FSUF, Inc. shall take up to one (1%) percent of the value of the investment portfolio (June 30 market) on an annual basis for the purpose of supporting the overall organization.

### **Earnings on Invested Funds**

The portfolio is defined as the invested assets as managed by the Foundation. Endowed assets are managed by an approved investment manager following guidelines recommended by the Investment Committee or its assignee. The review of such management shall be on-going. At any time the Investment Committee may recommend or the Board of Directors may request the solicitation of proposals for new management.

Non-endowed assets are managed by managers or institutions recommended by the Investment Committee upon approval of the Board of Directors. The review of such managers shall be on-going. At any time the Investment Committee may recommend or the Board of Directors may request the solicitation of proposals for new management.

Each endowed fund receives a pro-rated share of the realized earnings on invested funds (gains or losses). Unrealized gains or losses are maintained in a separate fund. The Investment Committee Chair of the FSUF shall receive regular reports regarding all investments. The managers of the FSUF investments will provide an annual report to the Investment Committee and/or the Board of Directors at the fall meeting.

Endowed funds are credited to the investment portfolio. The investment “market” value will be reported to donors, along with cash value, annually using the audited June 30 figures.

Non-endowed assets do not earn income for the specific fund and are held at cash value upon deposit with the institution or manager assigned such holdings.

## Fee Charges \*

FUND TYPE	INCOME	Fee
Endowed	Allocated monthly by USMF custodian based on the number of units owned.	Annual fees are collected up to one (1%) percent of the value of the investment portfolio (June 30 market) for the purpose of supporting the overall organization. <i>Note: Managers of FSUF investments also deduct fees.</i>
Holding Funds	Interest accrues to FSUF Operating Fund.	Based on expenditure activity. In the rare event of expenditures from a holding fund, the fee structure follows that of development funds.
Development Funds	Interest accrues to FSUF Operating Fund.	Quarterly maintenance fee (5%) based on expenditure activity**. Fee percentage is subject to change by approval of the FSUF.
Pass-Through Funds	Interest accrues to FSUF Operating Fund.	No maintenance fees.
Grants	Interest accrues to FSUF Operating Fund until the funds are granted to FSU.	Administrative fees charged only if allowable by granting organization. Exceptions are made for each specific situation.
Student Loan Funds	Interest accrues to FSUF Operating Fund.	No maintenance fees. Borrower may be charged appropriate fees involved with the collection of outstanding loans.
Initiative Funds	Interest accrues to FSUF Operating Fund.	No maintenance fees.

\* All funds receiving income from a credit card transaction will be charged the credit card company's fee. The only exception is for contributions to mirrored pass-through funds made to increase the annual award amount from the endowment to a specific level.

\*\* Fees on expenditure activity are limited to operational expenditures which excludes fund transfers within the Foundation.

\*\*\* In the event a Check is returned, if the check was non-charitable the return check fee will be charged to the fund it was to be deposited into. If the gift was charitable, the return check fee will be charged to the Operating fund. In both cases the person who wrote the check will be notified of the return check and the return check fee so that they can hopefully reissue payment and reimburse FSUF for the return check fee.

Determination of fund classification will be made by the Executive Director. Any changes in fee structures must be approved by the FSUF Executive Committee.

## ❖FUND REPORTING

The Fund Representative for endowed funds (non-scholarship) will be provided the spending policy allowance for the current and upcoming fiscal year three times a year including expenditure information. Fund representatives do not receive fund balance reports for endowed funds. The fund representative for non-endowed funds (i.e. development, initiative, etc.) is provided a quarterly financial report including income/expenditures. A “Department Notification of Giving Report” is provided to fund representatives of all funds via e-mail bi-weekly for all funds that have received contributions during the two week time period being reported.

The Office of Financial Aid is provided spending allocation for all endowed and pass-through scholarship funds.

Fund Designees of endowed funds are provided fund balance reports and fair market values a minimum of two times annually. Fund designees of development and pass-through funds are provided financial reports upon request.

## ❖ BUDGET PROCESS

### Pre-Approval

Each year, Fund Representatives are requested to submit a budget proposal by May 1 for the subsequent fiscal year (beginning on July 1) to the Budget Committee for approval. The purpose of budget pre-approval is to review anticipated income/expenditures for proposed activities. Pre-approval eliminates the delay or need for expenditure approval at a later date. The budget process also provides the Foundation management with a cash-flow projection to maximize investments.

Budgets shall be submitted using the line item categories of activities for deposits and expenditures as used by the Foundation. Budget formats are available upon request. All budget requests are reviewed and approved by the Executive Committee and then sent to the FSUF Board of Directors for approval at the June meeting.

Fund Representatives who do not submit a budget by the May 1 deadline must request approval for expenditures on a case-by-case basis prior to funds being expended, regardless of the fund balance. Approval will be given for expenditures as outlined in table below:

EXPENDITURE AMOUNT	APPROVED BY	PROCEDURE
<\$5,001	FSUF Executive Director	signed authorization-to-pay form
\$5,001-\$10,000	FSUF Executive Committee	signed authorization-to-pay form
>\$10,000	FSUF Board of Directors	signed authorization-to-pay form

There are certain funds that are exempt from the budget proposal guidelines. All endowed funds are exempt because it is anticipated that they will expend up to the annual spending allocation amount. Development funds that were created to gather funds for a very specific and timely purpose are exempt from needing to submit a budget for pre-approval. Examples include but are not limited to equipment and large events.

All expenditures, regardless of amount, are reviewed by the Executive Director and FSUF Treasurer (or approved designated Foundation officers).

Note: Expenditures to transfer funds to investment portfolios are exempt from the expenditure limitation amount. The full amount contributed will be transferred to the investment portfolio by the current policies established by the investment manager. The Director of Administration and Finance of the Foundation will approve these transfers. For amounts over the pre-set threshold at the bank, the Executive Director or FSUF Treasurer (or approved designated Foundation officers) will need to approve the transfer.

Fund Representatives will be informed quarterly if a check they authorized remains uncashed from the previous

quarter. At the close of the fiscal year, all uncashed checks from the previous fiscal year will be written off.

## **Deposit of Funds**

The FSUF is designated by University policy as the administering organization for all private philanthropic support of Frostburg State University. All funds deposited with the Foundation are subject to the standard operating procedures as outlined in this policy manual.

Bank Statements will be reconciled monthly and approved by the FSUF Executive Director.

## **Fund Receipts**

Deposits for any fund must be received directly at the FSUF office. The FSUF office staff will be responsible for recording the funds and issuing a receipt and letter of acknowledgment when appropriate.

In the event that a Fund Representative directly receives monies for deposit as the result of a fundraising activity, the responsible Fund Representative must complete an Authorization to Deposit form (Current form can be found online at: <https://www.frostburg.edu/foundation/foundation-forms.php> by clicking on deposits) to submit to the Foundation Office. These monies must be deposited with the Foundation within one week of receipt. Fund Representatives are responsible for the accuracy of any cash presented for deposit. All cash must be delivered in person and verified by FSUF office staff. ***IMPORTANT: The Fund Representative must also include the original dated envelope AND correspondence accompanying the contribution(s) received.***

The FSUF is required to provide a receipt/acknowledgement to all donors. The FSU President will acknowledge contributions exceeding \$5,000 and contributions of any amount from USM Regents.

Non-designated monies received by the Foundation will be held in the Annual Fund and used as determined by the FSUF Board of Directors.

## ❖DEVELOPMENT FUND REVENUE

Fund representatives of development funds are permitted to conduct sponsored programs and activities to generate income (i.e. instructional camps, special events, workshops, etc.) Approval to conduct income-generating activities must be granted by the FSUF Executive Director. Fund Representatives are responsible for complying with all FSUF insurance requirements and for providing the Foundation Office with a complete listing of participants and/or registrants and amount received from each at the conclusion of an activity/project.

The Foundation requires that all solicitations for contributions, conferences and seminars, special fund-raising events, grants, or other such activities where the funds are to be deposited in a Foundation fund MUST be approved **in advance** (in draft format) by the Executive Director when identified as an FSU Foundation, Inc. program/activity. Suggested wording for solicitation literature:

*“This event is an activity of the FSU Foundation, Inc. Funds earned will be managed by the FSU Foundation for the benefit of (fund name). Please make your check payable to FSU Foundation, Inc.[FSUF] – (fund name).”*

OR

*“This (Program/Event/Activity) is an activity of the FSU Foundation, Inc. Please make your check payable to FSU Foundation, Inc. [FSUF] – (fund name).”*

OR

*“The funds raised will be administered by the FSU Foundation, Inc. for the benefit of (fund name). Please make your check payable to FSU Foundation, Inc.[FSUF] – (fund name).”*

Frostburg State University also requires the following statement on all invitation/event publications:

*“FSU is committed to making all of its programs, services and activities accessible to persons with disabilities. To request accommodation through the ADA Compliance Office, call 301.687.4102 or use a Voice Relay Operator at 1.800.735.2258.”*

## ❖ACKNOWLEDGMENT PROCEDURES

In order for contributions to be deposited, accounted for, and acknowledged correctly, it is imperative to follow each step in this process. Backup staff members will fill in when the primary is absent. Additions and corrections to this process should be sent to the Director of Advancement Services (DAS) and the Director of Administration and Finance for the FSU Foundation for review and approval.

Charitable contributions, which include grants, sponsorships, and matching gifts, will be mailed to the Foundation. When solicitation return materials are created (i.e. pledge reminder return envelopes), the address will be:

Frostburg State University Foundation, Inc.  
101 Braddock Road  
Frostburg, MD 21532-2303

### Tender

All tender will be placed in the Foundation lockbox located in the Foundation office. Tender is received in many ways:

- US Mail (Employee receiving mail will sort out contributions when possible and place in lockbox)
- Hand Delivered (include documentation if available)
- PayPal (printed PayPal report)
- Phonathon Credit Card (printed phone-a-thon report)

Note: Phonathon supervisor will hand deliver the Phonathon credit card report to Foundation employees. Foundation employees will charge credit cards. Foundation employees will immediately black out credit card numbers from the charge slip and all reports.

- Faculty/Staff Payroll Deduction (printed report)
- Maryland Charity Campaign (printed report)
- Electronic Funds Transfer (printed report)
- Recurring Credit Card (printed report)
- Sponsorships
- Grants
- Gift-in-Kind form
- Wire transfer of securities or cash
- All Other Methods

Two unrelated staff members, DAS and Foundation Director of Administration and Finance or their designees, will retrieve all contributions from the lockbox. Together, they will open envelopes and complete a 'Gift Log' and a 'Non-Gift Log.' At this time determination is made as to the charitable nature of each tender based upon IRS and CASE standards.

### Sample Gift Log

Date	#	Tender	Total
		Cash	
		Checks	
		Credit Cards	
<b>Approved</b>		EFT	
		GIK	
<b>Batch #</b>		PayPal (online)	
		Payroll Deductions	
		Securities	
		Other:	
	<b>Grand Total:</b>		

### Sample Non-Gift Log

Date	#	NON-GIFT Tender	Total
		Cash	
		Checks	
		PayPal - Credit Cards	
<b>Approved</b>		PayPal - Web	
		EFT	
		Other:	
	<b>Grand Total:</b>		

DAS will make copies of all checks and documentation needed for gift entry and return checks to Foundation employees. Foundation employees will make copies of all non-contribution checks.

Advancement Services Staff will post all transactions, creating new records, and updating biographic information as needed.

Advancement Services Staff will give DAS the 'Batch Proof Report.' DAS will verify all gift entry and make sure it matches the 'Gift Log.' DAS and Advancement Services Staff will discuss the status of gifts not posted. Gifts not posted will be highlighted on a copy of the 'Gift Log' and will be reviewed each day until the gifts have been posted.

Advancement Services Staff will create gift receipt/acknowledgement letters. Advancement Services Staff will review the receipts with Foundation employees to ensure the gift information matches the receipt and a receipt is sent for every transaction. (Recurring transactions receive a summary receipt at end of calendar year.)

At least weekly, Foundation employees will create a batch for entry into the accounting system by running the 'deposit report' from Advance and verifying all check numbers, amounts, funds, and names for all contributions. Foundation employees will add all non-contributions to the report and verify the totals from all Non-Gift Logs to complete the total batch for deposit. Foundation employees will take checks to the bank for deposit.

Special letters are needed for the following situations:

- In Memory/Honor Gifts (i.e. Ellis and Sloop)
- Gifts-in-Kind (only include item and not the amount; include special IRS language with the IRS form 8283)
- Matching Gift (one to company with IRS language, one to individual without IRS language)
- Donor Advised Funds (one to DAF with IRS language, one to individual without IRS language)
- Securities (show stock, # shares, value, and include special IRS language with the IRS form 8283)
- Estate Distributions
- Gifts with a premium (include special IRS language)
- Designated gift within a specific fund (when this is done data specialist will notify Foundation staff)

DAS will proof the letters for grammatical/spelling errors and ensure that special letters are used when needed.

The Executive Director of the FSUF or designee will sign the letters.

Advancement Services Staff will stuff the envelopes and mail.

Receipt letters should be mailed 48 hours of receiving a charitable contribution.

### **Non-Gifts/Registrations**

Foundation employees will handle all non-gifts and registrations. These are not charitable contributions and will not be entered into the donor database. If part of the payment is charitable, the designated amounts will be recorded on the Gift-Log and the Non-Gift Log.

### **Pledges**

Advancement Services Staff will post all pledges. Prior to posting, DAS will be notified when the pledge is received. DAS will add the pledge to the Gift Log. After posting, Advancement Services Staff will give DAS the 'Batch Proof Report' for review.

### **Matching Gifts**

Advancement Services Staff will enter a matching claim when notified of a pending matching gift. The DAS will fill out matching gift paperwork upon receiving form and verifying charitable contribution and submit to the company. When the matching gift check arrives, it will be placed in the lockbox.

### **Gift/Pledge Modifications**

Requests for gift/pledge modifications will be sent directly to Director of Advancement Services. DAS and Advancement Services Staff will perform modifications and notify DAS when a modification is completed.

### **New Funds**

Working with Foundation employees, DAS will create new funds in Advance. A Foundation employee will create the fund number and open the new funds in accounting software. To guide internal processes, a new fund form and MOU Checklist must be completed.

### **Records/Filing**

The DAS and Data Specialist will file charitable contribution/pledge documentation daily.

Foundation employees will post and file deposit information at least monthly.

### **Notification of Charitable contributions**

Fund representatives will be notified via e-mail of all contributions made to their respective funds on a bi-weekly basis. Foundation employees run the department notification report from Advance and prepare individual fund reports.

The family of a person who was memorialized by a contribution shall be notified in a letter on a monthly basis. A person who was honored by a contribution shall be notified in a letter on a monthly basis.

## ❖ EXPENDITURE GUIDELINES AND PROCEDURES

Fund Representatives are obligated to follow the Bylaws under which the FSU Foundation operates and must be able to justify all expenditures as legal and in compliance with policies established by Frostburg State University or the FSUF.

The Foundation maintains a policy of issuing checks bi-weekly. Emergency requests can be made; no checks will be issued without completion of proper documentation.

The FSUF requires two signatures on checks issued by the Foundation. Authorized signatures include the Executive Director and the members of the FSUF Board of Directors Executive Committee who have been authorized by the bank.

Expenditures submitted through the Authorization to Pay process not considered consistent with the mission or role of the Foundation may be denied by the Executive Director or by any Foundation officer. The denial of payment may be appealed to the Executive Committee at the next scheduled meeting. Examples include requests for expenditures that are unrelated to the original intent and purpose of the fund as stated in the Memorandum of Understanding.

## ❖TRAVEL

When possible travel expenditures should be submitted for reimbursement to FSU. The FSUF will reimburse the FSU account that paid the reimbursement. The check to the University account will be paid after the FSUF receives a copy of the paperwork submitted to FSU with an Attached Authorization to Pay form (Current form can be found online at: <https://www.frostburg.edu/foundation/foundation-forms.php> by clicking on payments). The FSUF will verify with the Accounts Payable Office the amount FSU approved for reimbursement. Partial reimbursements are also permitted.

In the rare circumstance where travel reimbursement expenses cannot be paid by FSU, travel expenditures may be reimbursed directly through the FSUF using an Authorization to Pay form with original receipts attached. Please note that an explanation of why FSU cannot pay the reimbursement must be documented on the attached travel reimbursement form (Current form can be found online at: <https://www.frostburg.edu/foundation/foundation-forms.php> by clicking on travel).

### **Out-of-state travel expenses:**

- a) Must submit original receipts (no photo copies) for reimbursable items; including transportation receipts/stubs (air travel, car rental, rail and bus) for which tickets were purchased so long as the receipted stub indicates amount paid and destination.

### **Lodging expenses:**

Lodging expenses are allowable while away from the University on official business.

### **Meals / Entertainment expenses:**

- a) must submit original receipts (no photo copies) for meal cost while away from the University on official business or request the per diem rate approved by the University System of Maryland; and/or
- b) business expense meal(s) for the individual and any guests. Identify all guests by full name and purpose of the visit/business meeting.

### **Auto Mileage expenses:**

- a) Mileage is reimbursable for the distance driven for official FSU business.
- b) The rate for reimbursement is the rate approved by the University System of Maryland. Frostburg State University policies regarding use of State Vehicles also apply.
- c) Tolls and parking may be reimbursed by submitting original dated receipts.

## ❖SALARIES

The Foundation prefers to reimburse appropriate University funds for salaries and contracted services, but the FSUF can also pay contractors directly. Contracts must be paid entirely by either FSU or the FSUF. Split contracts are not permitted. (See the section on Employment Practices for further information). An IRS form W-2 or 1099, as required by law, will be issued to individuals receiving direct compensation (non reimbursable item).

The State Ethics Law prohibits FSU employees from contracting for services that are not wholly separate from his/her FSU appointment. The FSU Office of Human Resources may be asked to review the terms of any contract to determine if a conflict exists.

## ❖GOODS AND SERVICES

For payment of goods and services, an Authorization to Pay form (Current form can be found online at: <https://www.frostburg.edu/foundation/foundation-forms.php> by clicking on payments) must be completed by the Fund Representative to verify agreement to expend funds. Fund purchases may be encumbered in advance through the use of a Foundation purchase order. Checks written by the Foundation for approved expenditures will be sent directly to the vendor unless notified in advance by the appropriate Fund Representative.

The Foundation maintains a policy of issuing checks weekly. Emergency requests can be made. No checks will be issued without completion of proper documentation.

Fund Representatives should select vendors based on their ability to meet program needs economically and efficiently. For purchases of \$5,000 or greater, Fund Representatives should use competitive bidding (oral quotes acceptable) subject to time constraints and availability of goods and services.

In certain situations, competitive bidding is required. If competitive bidding is not sought, the Fund Representative must provide written justification. The Executive Director shall review all bids and recommendations for acceptance of bids and may reject or accept the Fund Representative's recommendation. The following situations fall under these guidelines:

- When equipment or fixed assets to be purchased are \$25,000 or greater, quotes from at least two vendors must be obtained and submitted with the Authorization to Pay form.
- When a vendor is to be paid \$5,000 or greater AND is either employed by the University or serves as an elected member of the Foundation's Board of Directors, it is mandatory that written, competitive quotes accompany all purchase requests or Authorization to Pay forms.

## ❖DEFINITIONS:

### Scholarship Awards

Financial support is based on academic achievement and/or other criteria that may include financial need.

Attachment "A" of the Memorandum of Understanding for each fund states the criteria for selection of recipient(s). Proceeds of the scholarship offset the cost of the student's education for an upcoming or current academic year, depending on when the student receives the funds. Foundation funds shall not be used to exceed the actual cost of attendance when combined with other scholarship and/or grant monies.

*Note: It is the policy of the Foundation to provide scholarship awards in two payments—one payment at the beginning of each semester. FSUF will issue payment to FSU to be applied to the individual's account upon satisfactory registration. Before a scholarship check can be issued, the Foundation must have a request from the Financial Aid Office with the name, address, and student ID number of the recipients.*

**Stipends** are not viewed as employment income, but rather as an award in recognition for service to the University. A stipend is intended to encourage the participation of the highest caliber of students of any financial means.

**Grants** are financial support based on academic achievement or other criteria that may include financial need. A grant recipient is selected based on specific criteria, which is typically set by the federal or state governments or the institution.

An **Annually Funded/Pass-Through** is a fund that has no endowment to support it and may be non-recurring.

An **Assistantship** is an academic job held by a graduate or undergraduate student, which involves pay for services rendered. The department providing the assistantship determines the obligations of the assistantship.

An **Endowed Fund** is a separate fund, the principal of which is maintained in perpetuity and invested for the purpose of producing income to be either expended or added to principal.

A **Quasi Endowed Fund** is a separate fund (i.e. operating reserve), the principal of which may be spent upon approval of the Board, but is primarily intended to be maintained for a period of time or in perpetuity. Present and future income may be expended or added to principal. The Board can elect to invest contributions that are not for an endowment, but have other donor restrictions, into a quasi endowed fund (i.e. Development Reserve) in the hopes of earning a return until the funds are needed for the restricted purposes.

An **Expendable Fund** is intended to be expended down to zero balance, over one fiscal year. (Terms exceeding one fiscal year will be specified in the fund's memorandum of understanding.)

A **Fellowship** is financial support to reduce the cost of a graduate student's education. Some fellowships include a tuition waiver or a payment to the University in lieu of tuition. Fellowships may include stipends to cover living expenses. Students receive payments to assist them in pursuing a course of study or research. This payment is not a payment for teaching, performing research, or other services. Fellowships are taxable income to the recipient. Exclusions to the taxable income are amounts used to pay for tuition/fees, books and supplies.

**Financial Aid** is money provided to a student to help pay for the student's education from federal, state, institutional, and private sources. Major forms of financial aid include gift aid (grants and scholarships) and self-help aid (loans and work).

**Financial Aid Package** is the complete collection of scholarships, grants, loans, and work-study employment from all sources (federal, state, institutional, and private) offered to a student to enable him or her to attend the University.

**Financial Need** is determined by a professional review of the applicant's aid eligibility and financial situation by the Financial Aid Office.

A **Loan** is financial support which must be repaid, usually with interest.

**Merit-based Financial Aid** is provided to a student on the basis of some achievement.

**Need-based Financial Aid** is provided to a student on the basis of financial need.

**Outside Award, Outside Scholarship, and Private Scholarship** is where support is given to a specific student determined by an outside entity. Recipient selection is performed by the funding source (e.g., organizations, clubs, trusts, and foundations).

## ❖ ADVANCES

It is not the normal business practice of the Foundation to make cash advances. However, it is understood that certain program activities require advances for cash box change as related to charging admission, minor supplies and equipment needs or for sales. A request for cash advance should be submitted on an Authorization to Pay form (Current form can be found online at: <https://www.frostburg.edu/foundation/foundation-forms.php> by clicking on payments) one week prior to the activity. Settlement of an advance must be made within one week of the completion of the activity.

Advances are not made for travel and entertainment.

Any exception to the advance policy must be approved by the Executive Committee.

Purchase orders are recommended whenever possible for making advance supplies and materials purchases of over \$5,000. Purchases made by individuals must follow the standard 'Authorization to Pay' procedure.

## ❖ MISCELLANEOUS ITEMS

### Acceptable Expenditures (all requiring receipts)

- Expenses incurred for recruiting faculty, staff or students
- Postage
- Promotional material(s)

### Non-Reimbursable Expenditures

- Personal expenses (family, spouses, etc.)
- Personal meals (not on official travel or business)
- Equipment not located on University property or held on FSU or Foundation inventory.
- Political contributions-- including tickets or sponsorship to events or program through which any of the proceeds benefit a political candidate or cause.

Fund Representatives should consult the Executive Director prior to the request for reimbursement if an expenditure is questionable.

Fund Representatives will be held responsible for expenditures incurred for items denied by the Foundation office as unjustifiable, illegal, or in non-compliance with policies established by the University, the University System of Maryland, or the Foundation.

### Inventory Control

Supplies and materials purchased through the Foundation should be delivered directly to the Fund Representative.

Fund Representatives are responsible for all items purchased through their fund.

Generally speaking, it is important that items of value purchased through the Foundation be donated to Frostburg State University. Items valued over \$5,000 and not donated to the University must be carried on the Foundation inventory.

## ❖GIFTS-IN-KIND DONATED TO THE UNIVERSITY

Charitable contributions of materials, equipment, or other supplies may be accepted by the Foundation upon approval of the Executive Director. The donor must declare the value of donated property and, depending upon the estimated value, additional documentation may be required to meet IRS charitable gift regulations for tax benefits for donated property. Gifts-in-Kind contribution forms are available from the Foundation office.

Gifts-in-kind to be given to the University must follow a formal donation process coordinated through the FSUF to the appropriate University official. The donation process should transpire within 10 working days of delivery of the equipment.

Items purchased by the FSUF for FSU Departments and/or programs must follow a formal donation process coordinated through the FSUF to the appropriate University official. The process occurs at least quarterly.

### Exceptions

If the equipment is to be sold within six months, the item should be inventoried on the Foundation's inventory with the proceeds from the sale coded for deposit as "sales/other income."

If the equipment is the result of a grant or other program administered by the Foundation, a written agreement must be on file stating the final disposition of equipment purchased through the Foundation.

## ❖EMPLOYMENT PRACTICES

The Foundation is a separate incorporated entity; therefore, its employees are neither employees of the University nor the State of Maryland. Foundation employees are not entitled to benefits normally accruing to University or State employees. The Foundation does follow equal opportunity practices which subscribes to all affirmative action policies as followed by the University.

The State of Maryland Ethics Law prohibits FSU employees from contracting for services that are not wholly separate from his/her FSU appointment. The FSU Office of Human resources may be asked to review the terms of any contract to determine if a conflict exists. FSUF contracts contain a clause to identify FSU employees contracting with FSUF and contracts may be denied if the contract is deemed in violation of the State Ethics Law provisions.

A verified Social Security number is required of all employees. Therefore an IRS Form W-9 is required. All full-time and part-time employees must have on file a USCIS Form I-9, IRS Form W-4, and Maryland Form MW507.

To further protect the organization, its programs, and the publics, any FSUF employees dealing with juveniles must complete a criminal record disclosure statement.

The employee(s), through the FSU Foundation, will be covered by Worker's Compensation and Unemployment Insurance.

A full-time/part-time contractual employee will be paid on a bi-weekly basis upon proper completion and documentation of a time sheet and Authorization to Pay form as completed by the Fund Representative. An independent contractor employee will be paid from a completed Authorization to Pay form through the bi-weekly "accounts payable" process. Payment will be sent directly to the designee, *unless otherwise requested*.

### Types of Appointments

Full-Time/Full-Time Equivalent: Employees hired by contract for at least twenty (20) hours per week for 52 weeks.

Part-Time: Employees hired by contract for less than thirty-five (35) hours per week for any number of weeks during a year. These are individuals who are supervised and have a specific job description.

Each full-time/part-time employee will execute a contract issued or accepted by the FSUF. Fund Representatives must sign all contracts prior to submission to the Foundation Office. All contracts must be approved by the Executive Director. Appropriate deductions, as determined by the employee withholding forms, for contributions to state tax, federal tax, social security, and Medicare are made.

Contractual: This may be an individual or an organization who independently agrees to perform a specific job without direct supervision. A 1099 federal form for the reporting of compensation will be issued if the total amount during the tax year exceeds the amount determined by IRS laws (currently \$600). This would include honorariums, guest appearances, consultants, and special services.

A completed independent contractor agreement and/or invoice will be completed by the contractor and the Fund

Representative. All contracts must be approved by the FSUF Executive Director in advance of work performance. Forms are available from the Foundation Office.

### **Involuntary Deductions**

The Foundation shall withhold, as required by law, State and Federal Taxes and Employee Social Security Contribution from all compensation paid to full-time/part-time employees.

Full-time/part-time employees must complete a Federal I-9 form (Employment Eligibility Verification) and Federal W-4 (Employee's Withholding Allowance Certificate).

The FSU Foundation will complete W-2 and 1099 forms on an annual basis as required by IRS law for all employees.

### **Payment of Contract**

Fund Representatives are responsible for certifying the employee has met all terms of the contract and for submitting a completed Authorization to Pay form. Unless noted otherwise, payment will be mailed to the address shown on the contract.

### **Employee Benefits (operating fund only)**

Employees hired by the Foundation and paid through the operating fund may have certain benefits as approved by the Executive Committee. All contracts are reviewed on an annual basis with a contract period being July 1 to June 30.

Employee leave (administrative, vacation, sick, holidays, etc.) and compensated time shall be in accordance with University policies as reviewed and approved annually by the FSUF Executive Committee.

A special benefits package with a specific dollar value may be a part of the annual contract.

Examples of approved benefits include purchase of insurance, continuing education programs, deferred compensation, investment, or retirement programs. All benefits must be reported, as necessary, on personal income tax filings.

## ❖INVESTMENT POLICY STATEMENT

### Preface to the Investment Policy

The Investment Committee *or its assignee* is responsible for the oversight of the investment assets of FSUF. The Committee *or its assignee* evaluates, recommends and reports to the Executive Committee and/or FSUF Board of Directors on potential investors, managers, investments, reviews of consultations concerning investments, management of investments, monitoring of investments, and performance.

### Investment Statement

The Executive Committee established an Investment Policy Statement for the purpose of providing general guidelines for the prudent investment management of the FSUF invested assets. FSUF recognizes that changing economic and market conditions may make it impossible for investments to precisely mirror all aspects of the investment policy at any point in time and, as such, it is understood that the policy is to serve primarily as a general framework within which the investments are to be managed in order to produce consistent income returns with limited financial risk.

Endowed assets are managed by an approved investment manager following guidelines as recommended by the Investment Committee or its assignee. The review of such management shall be on-going. The Investment Committee may recommend or the Board of Directors may request the solicitation of proposals for new management at any time. Ongoing contracts shall be considered renewed unless determined otherwise at the annual spring meeting.

Non-endowed assets are managed by managers or institutions as recommended by the Investment Committee upon approval of the Board of Directors. The review of such managers shall be on-going. The Investment Committee may recommend or the Board of Directors may request the solicitation of proposals for new management at any time. Ongoing contracts shall be considered renewed unless determined otherwise at the annual spring meeting.

Each endowed fund receives a pro-rated share of the realized earnings on invested funds (gains or losses). Unrealized gains or losses are maintained in a separate fund and disbursed as deemed appropriate by prudent accounting procedures. The investment committee chair of the FSUF shall receive regular reports regarding all investments and the management of the FSUF will provide an annual report to the Investment Committee and the Board of Directors at the fall meeting regarding the investments.

### Authority to Implement the Investment Policy

The Board of Directors can elect to delegate the investment management duties for all or some part of the investments to one or more professional investment managers who shall be guided by the overall investment policy guidelines established by this policy statement.

## **General Investment Objectives**

The FSUF follows the investment policies of the University System of Maryland Foundation, Inc. (USMF), specifically as they relate to endowed and quasi endowed funds. The FSUF may establish other policies as determined by its investment committee for non-endowed assets.

### **General Risk Parameter (For non-endowed assets)**

It is recognized that virtually all investments entail some degree of risk; therefore, defining risk for the FSUF assets is not a precise science. However, to establish a general risk tolerance for the assets, FSUF has determined that high quality investments providing an opportunity for growth of capital are essential. While the fund as a whole should project a generally conservative identity, limited use of more aggressive investments is permissible for diversification purposes.

Fixed income securities: these securities held as assets by the fund must be limited to obligations of the U.S. Government and its agencies or securities with an "A" bond rating or above (i.e. where there is little or no risk to principal upon maturity or risk to income). Investments where the risk is greater than this parameter must be closely reviewed and may not represent a major portion of the investments.

For investments in equity securities, risk is to be measured in terms of volatility relative to the S&P 500 stock index. FSUF desires that the average volatility of the investments equity portfolio be approximately two percent less than that of the S&P 500.

### **Liquidity**

To meet short term liquidity requirements, a minimum of five percent of the invested assets should be maintained in cash/cash equivalents. Cash/cash equivalents can appropriately include cash, money market, mutual funds, and/or individual money market instruments.

### **Diversification**

In order to achieve a prudent level of portfolio diversification, the securities of any one company should not exceed more than five percent of the total investments and no more than twenty percent of the total assets should be invested in any one industry.

### **Investment Restriction / Prohibitions**

FSUF has determined that the general guidelines established by the Investment Policy are sufficient to clearly delineate the invested assets' overall direction, and, as such, to maximize investment flexibility within these guidelines, no additional specific investment prohibitions or restrictions are necessary. However, it is recognized that FSUF must abide by the policy and guidelines of the UMS Board of Regents, and in doing so, some restrictions imposed by the Board of Regents may apply from time to time.

## **Review and Evaluation**

The Investment Committee shall annually review the performance of the investments, unless more frequently necessitated by unusual changes in economic and investment cycles or by material changes in the basic underlying investment objectives of the investment assets.

## **Asset Allocation Guidelines**

To best achieve the stated objectives, the invested assets are to be invested using the following guidelines:

- Cash and short-term securities: Minimum of 10%
- Fixed Income / bonds: Maximum of 50% with a 15% deviation allowance
- Equity and Convertible Securities Maximum of 50% with a 15% deviation allowance.

The Short-Term Securities provide stability of principal and daily liquidity. Bonds provide a relatively high and stable income flow. Bonds help protect the income return of the invested assets from sharp fluctuations in short term rates and complement the more volatile long term return potential from Equity Securities. Equity Securities, over time, provide a hedge against inflation through an increase in capital value as well as an increase in dividend income.

## ❖ SPENDING POLICY

The FSUF follows the spending policy of the USMF but reserves the right to make changes at any time. The Spending Policy will be reviewed annually to determine if appropriate adjustment is necessary. The FSUF votes in June on the annual spending rate. The FSUF applies the rate to the preceding March 31 fair market value with the resulting allocation appropriated for expenditures to occur starting July 1 of the proceeding calendar year.

## ❖CHARITABLE CONTRIBUTION POLICY PROCEDURES

### Preface to the Charitable Contribution Policy

This policy is designed to provide guidance to the many Frostburg State University donors and the general public to facilitate the charitable contribution process. These procedures are to serve as guidelines for the FSUF and may be altered on a case-by-case basis at the Foundation's initiative.

### Policy Statement

Frostburg State University (FSU) strongly encourages the solicitation and acceptance of charitable contributions which enable it to fulfill its educational mission of teaching, research, and community service.

For an institution dedicated to higher education, charitable contributions are essential and provide the opportunity for FSU to excel in many areas. Charitable contributions in support of FSU shall be made to the Foundation.

The FSUF was incorporated in 1970 and granted a 501 (c) (3) non profit corporation for educational purposes by the Internal Revenue Service (IRS).

The FSUF is designated by the University System of Maryland Board of Regents as the official affiliated Foundation of FSU. The President of FSU is designated by the Board of Regents as the responsible officer to ensure compliance with affiliated foundation policies. The president will appoint and approve appropriate FSU management and resources to facilitate FSUF operations. FSUF is registered as a charitable organization or exempt from registration in all fifty (50) states and the District of Columbia.

It is the policy of the FSUF not to engage in activities that provide a good or service in exchange for a charitable contribution. It is recognized, however, that there may be situations that warrant exceptions. Such exceptions are determined by the FSUF Executive Director. Program support activities through which a service or product is provided may or may not qualify as a charitable deduction for the participant and Fund Representatives should consult the Executive Director before making any claims as to the tax-deductible status of any event.

The FSUF is the parent organization for other support organizations of FSU including the Athletic Development Fund, FSU Alumni Association, Friends of Music, Cultural Events Series, Children's Literature Centre, and WFWM Radio. Charitable contributions in support of FSU may be sought from individuals, corporations, foundations, and federal, state, and local entities. However, they may be sought only for purposes, positions, and programs which already have appropriate academic or administrative approval.

The FSUF values and will protect its integrity, its independence, and the academic freedom of the FSU community. Charitable contributions that may expose FSUF or FSU to adverse publicity, require expenditures beyond the FSUF or FSU resources, or involve the FSUF or FSU in unexpected responsibilities because of their source, conditions, or purposes, require approval by the appropriate FSU administrative officer and FSUF Executive Committee. Either FSUF or FSU may withhold approval of acceptance, pending a review by appropriate counsel, administrative personnel, or committees appointed for that purpose. Under other circumstances, the FSUF and FSU delegate authority to receive charitable contributions only to the FSUF Executive Director, FSU Advancement Office, or the FSU President in appropriate cases when charitable contributions are personally solicited or received.

The FSUF is unable to accept charitable contributions which are too restrictive in purpose or inconsistent with the educational mission of FSU. The FSUF cannot accept charitable contributions which involve unlawful discrimination based upon race, religion, sex, age, national origin, color, handicap, or any other basis prohibited by federal, state, and local laws and regulations. Neither can the FSUF accept charitable contributions which obligate it to violate any other applicable law or regulation, nor which violate the FSUF or FSU articles of incorporation, charter, constitution, bylaws, operating procedures, or stated governing provisions. Charitable contributions the FSUF receives must not inhibit it from seeking charitable contributions from other donors, be they similar or different, foreign, or domestic. Further, no charitable contribution can be received which limits, beyond a general definition of subject area, the research that a faculty member or student may perform.

## Methods of Giving

Many types of assets may be used to provide charitable contributions to FSU. A variety of methods of giving to the FSUF allows donors to choose the most appropriate designation for their circumstances and interests.

Outright charitable contributions are those placed at the immediate disposal of the FSUF and in which the donor retains no interest. They may be either restricted or unrestricted in purpose. Charitable contributions which are donated to the FSUF without any express limitation placed upon them will be credited to the unrestricted funds.

## Recognition of Charitable Contributions

Certain charitable contributions may qualify for additional recognition and may provide naming opportunities. The FSUF provides charitable tax deduction receipts for qualifying charitable contributions. Memorial contributions are accepted and specific funds may be established for these purposes.

All receipts for charitable donations to FSUF shall contain the following language:

*“Frostburg State University Foundation is a 501(c)3 nonprofit organization. Your contribution is tax-deductible to the extent allowed by law. No goods or services were provided in exchange for your generous contribution.”*

If a good or service was provided in exchange for the contribution, the receipt will indicate the value for the good/service provided and the net tax-deductible contribution to the FSUF.

## Unrestricted and Restricted Endowed Funds and Programs

The most useful charitable contributions are those with the fewest possible restrictions. Unrestricted funds allow the FSUF to address its most pressing needs in support of FSU. The FSUF may approve the establishment of unrestricted and restricted endowed funds and programs upon the receipt of charitable contributions or commitments which meet its approved financial and other criteria. Endowments bearing individuals' names or otherwise rendered discrete from unrestricted funds must be approved by the FSUF Executive Committee. Endowed and annual programs may be established for less than the stated minimum; however, no awards will occur until the minimum is achieved. FSUF generally transfers payments for awards to FSU for implementation of the programs. Awards may provide complete or supplemental support for the program.

### Naming Opportunities

\$10,000	General endowed scholarship or Program Support Fund (up to one restriction)
\$25,000	Endowed Scholarship or Program Support Fund (More than one restriction)
\$50,000	Endowed Fellowship Fund - Fellowship funds are for faculty and staff development; Annual fellowships can be funded for \$5,000
\$260,000	Fully endowed scholarship fund (tuition/fees in-state undergraduate student)
\$500,000	Endowed Professorship
\$1,000,000	Endowed Faculty Chair (for department Chair)
\$2,000,000	Endowed Deanship
\$3,000,000	Distinguished Endowed Faculty Chair (fully endowed)

### Special Programmatic Naming Opportunities

\$2,000,000	Naming a department within a college or administrative unit
\$5,000,000	Naming an existing college
\$10,000,000	Naming a new college, major academic program, or newly created Center

### Naming opportunities within existing facilities:

Recognition opportunities begin at \$5,000 and are available for a variety of spaces. Such naming opportunities are subject to the approval of the University and should be in accordance with University System of Maryland policies.

In all cases, the establishment of a special purpose fund requires the prior approval of the FSUF Executive Committee and the FSU President.

Gifts made to name spaces that are already constructed and do not currently need renovation will be invested in an endowment to support the department that resides in the named space unless it is a shared facility. In this case it will be invested in a general endowment that supports all programs housed in the building. These endowed funds are often a combination of several naming opportunities; therefore the Memorandum of Understanding for the fund is executed by the Foundation, and no further donor reports on spending from the fund will be provided to the donors.

Gifts made to name spaces that have yet to be constructed or currently need renovation will be put into a development fund for that purpose. If over \$10,000 remains after the construction and/or renovation is complete, the

funds will be invested in an endowment to support the department that resides in the named space unless it is a shared facility. If it is a shared facility it will be invested in a general endowment that supports all programs housed in the building. Because the purpose of the original donation was to construct and/or renovate a space, the Memorandum of Understanding for the remaining funds is executed by the Foundation, and no further donor reports on spending from the fund will be provided to the donors. If under \$10,000 remains after the construction and/or renovation is complete, the funds will remain in the development fund for any future facility update or program expense in the named space.

Naming opportunities for less than \$25,000 benefiting Athletics will be designated for current operations through a development fund. Naming opportunities for \$25,000 or more will follow the naming policies as outlined above. The Memorandum of Understanding for this fund has already been executed by the Foundation, and no further donor reports on spending from the fund will be provided to the donors.

Because conditions change over time, all endowment instruments, Memorandums of Understanding or similar mutually accepted and approved agreements should contain the following contingency clause:

*"If, in the unlikely event that at some time in the future, it becomes impossible or impractical to fulfill the requirements of this Memorandum of Understanding, the Board of Directors of the FSUF, in consultation with FSU and the Donor, if available, shall utilize this Fund as closely as possible in accordance with the purposes described in Section 2 [Purpose] of this document."*

### **Naming opportunities under \$5,000:**

All naming opportunities for under \$5,000 will be for current operations and be in support of immediate needs of the department/programs the naming supports. Exceptions can be made to allow these funds to be invested into a current endowed fund on a case by case basis as approved by the Executive Director of the Foundation.

## **Cash Contributions**

### **Charitable Contributions by Check**

Checks should be made payable to FSU Foundation, Inc. and mailed to:

*FSU Foundation, Inc.*

*101 Braddock Rd.*

*Frostburg, MD 21532*

Checks may also be hand delivered to the FSUF office (Fuller House, 101 Braddock Road, Frostburg, MD).

The postmark date will be the effective gift date for cash charitable contributions mailed to the FSUF. The date cash is hand delivered to the office will be the effective gift date.

Charitable contributions qualifying for charitable tax deduction purposes will be receipted separately by the FSUF.

### **Charitable Contributions by Credit Card**

Charitable contributions by credit card received in the mail or via telephone will be processed daily. Credit card information received via phone by University Advancement staff must be provided to the Foundation office as soon as possible for daily processing. Phonathon supervisor will hand deliver Phonathon credit card report to Foundation employee(s) daily.

The date the credit card is charged will be the effective gift date for charitable contributions.

Recurring credit card information will be held in a secured file and processed according to the schedule established with the donor.

Foundation employees will charge credit cards and will immediately shred or black out credit card numbers from the charge slip and all reports.

### **Charitable Contributions by Electronic Funds Transfer (EFT)**

Charitable contributions by EFT may be received by the Foundation Office with prior notification, including a completed EFT authorization form with signature.

Donors may authorize the Foundation to charge their checking account a designated amount for a specified period of time. Foundation employees initiate the EFT batch at least two business days prior to the 10<sup>th</sup> of the month. Transactions will typically post to the donor's account on the 10<sup>th</sup> of the month or the next closest business day. Foundation employees will verify that the transaction occurred successfully prior to crediting the appropriate fund.

## Charitable contributions of Securities and Methods of Delivery

Publicly-traded securities, shares of stock in closely-held companies, bonds, and government issues may be given to the FSUF. Charitable contributions of securities may be made by notifying the FSUF Executive Director or FSUF at FSU Foundation, Inc., 101 Braddock Road, Frostburg, MD 21532 or 301/687.4752. Information pertaining to securities transfer will be provided to the donor and may include one of two methods:

- Transfer directly to the University System of Maryland Foundation through electronic stock wire transfer. Electronic transfers are recorded on the date of transmittal. The value of the charitable contribution will be the average of the high and low market value on the date of transfer when the security is received; OR
- Transfer to the FSUF by sending/delivering the certificate and an executed stock power for each separate issue of stock or bond to the FSU Foundation Office (see address above). If the securities are hand-delivered to the FSUF, the value of the charitable contribution will be the average of the high and low market value on the business date of delivery. Donor should endorse stock certificates only on delivery to the FSUF. If the securities are mailed to the FSUF, the value of the charitable contribution will be the average of the high and low market value on the postmarked date.

Donors should obtain a stock power from their banker or broker, signing their name exactly as it appears on the certificates, and have their signature guaranteed by their banker or broker. The stock power and a letter of instruction should be mailed to the FSUF under separate cover from the stock certificate(s). The FSUF should be designated on the stock certificate(s), stock power, or related instruments of transfer as Frostburg State University Foundation, Inc. The stock certificate(s) should be sent by registered mail, return receipt requested, to the FSUF. Unendorsed stock certificates are non-negotiable. The postmark date on the *last* document received will be used as the gift date.

The market value of securities and the actual beginning dollar value of an FSUF fund may differ as a result of market vagary, marketability of a security, unexpected costs, fees, etc. The FSUF does not reduce charitable contributions by a set percentage and works to establish funds at the highest fair value possible.

**Publicly Traded Securities:** These are securities regularly traded on a public stock exchange. The value of the charitable contribution will be the mean of the highest and lowest selling prices quoted for the stock on the business day of the charitable contribution.

**Closely Held Securities:** These are shares of stock in entities which have been organized for profit-making purposes and are rarely traded on stock exchanges. Donors may give shares of closely-held corporate securities to the FSUF in the same manner as publicly-traded securities. However, because closely-held stocks are not publicly-traded, these securities present special concerns. To convert them into cash, the FSUF must own the securities. Thus, it will not formally or informally enter into any redemption agreement with the donor. Charitable contributions of closely-held securities require acceptance by the FSUF Executive Committee and may require additional legal or financial counsel.

## Non-Traditional Investments

The FSUF may accept charitable contributions of non-traditional investments, such as partnership interests, after a thorough review of the following factors:

- marketability;
- nature of any applicable restrictions;
- legal and other liabilities associated with the asset;
- carrying costs such as administrative and legal fees; and
- exposure to unrelated business income tax liability.

## Real Estate

Proposed Charitable contributions of real estate are to be reviewed by the FSUF Real Estate Committee and recommended to the FSUF Board of Directors. Legal counsel should be consulted concerning the implications of accepting real estate contributions. However, the decision to accept charitable contributions of real estate resides with the FSUF Board of Directors. The donor is expected in almost all cases to be responsible for all expenses including appraisal, transfer, recordation and any other taxes, and any indebtedness relating to the real estate transaction.

The FSUF may accept charitable contributions of real estate, including houses, condominiums, commercial properties, farm land, rental property, and undeveloped land, after a thorough review of the following factors:

- the usefulness of the property for FSUF or FSU purposes;
- the marketability of the property;
- the existence of restrictions, reservations, easements, and/or other limitations;
- the existence of encumbrances, such as mortgages and mechanic's liens;
- carrying costs, such as property owner's association dues, taxes, insurance, and other maintenance expenses; and
- fair market value in relation to the costs and limits listed above as determined by a qualified appraisal conducted in accordance with IRS standards.

Prior to the acceptance of any parcel of real property, an assessment of the potential environmental risks will be conducted. This assessment shall include the following:

- an inquiry to the present owner regarding his/her or its knowledge of the history of the property;
- a title search to determine who the prior owners might have been;
- a consultation with federal, state, and local environmental agencies to find out whether the property has any history of hazardous waste contamination; and
- a visual inspection of the property for any evidence of environmental hazards.

An environmental audit conducted by a professional service may also be required. For all charitable contributions of real estate, the FSUF Executive Director or FSU Advancement Office will consult with the FSUF Executive Committee and FSU President and legal counsel as needed concerning the implications of

accepting the charitable contribution. The decision to accept charitable contributions of real estate resides with the FSUF Board of Directors. The donor is responsible in almost all cases for all expenses including appraisal, transfer, recordation and any other taxes, and any indebtedness relating to the real estate transaction.

### **Acquisition by Purchase**

The Real Estate Committee has authority to negotiate and recommend real estate for acquisition (purchase, transfer or other). The combined value of real estate acquired by purchase should not exceed ten percent (10%) of the non-endowed cash assets of the FSUF. Debt incurred by a fund by real estate purchase may not exceed the current appraised value of the property.

Due to the ongoing possibility of acquiring real estate which can provide some unique financial benefit to the University, the FSUF may waive or exempt the proposed acquisition from the above limitations provided the Real Estate Committee recommends the waiver or exemption and further provided that the FSUF Board approves the Real Estate Committee's recommendation.

The FSUF may liquidate real estate holdings through sale or transfer at any time. The FSUF will maintain separate funds for each real estate transaction being held as a reportable asset.

Real estate must demonstrate fiscal responsibility for short-term and long-term investment return. Real estate acquisitions must be first reviewed by the Real Estate Committee and then recommended to the Executive Committee. The FSUF Board of Directors may review and approve real estate acquisitions.

A proposition may be sent by mail/e-mail to all voting members for a proposition by mail/e-mail to be approved if referred to the full Board and it is not opportune to convene a full Board meeting. A 2/3 majority of voting (ex-officio excluded) directors is required.

### **Tangible Personal Property / Gifts-In-Kind**

The FSUF may accept charitable contributions of tangible personal property, including works of art, jewelry, antiques, coin, stamp and other collections, equipment, automobiles, manuscripts, and books. Such charitable contributions may be accepted only after a thorough review indicates the property is readily marketable OR may be used by the FSUF or FSU in a manner consistent with one of the purposes for which the charitable contribution was granted status. Gifts-in-kind of tangible property which are not readily marketable are subject to approval by the FSUF Executive Committee.

An essential issue for donors to consider before contributing a gift of tangible personal property is whether the donor would like the FSUF to use or display the property. Items purchased and gifts-in-kind to be given to FSU must follow a formal process coordinated through the FSU Foundation Office to the appropriate FSU official. FSU reserves the right to reject any gift-in-kind offers from the FSUF.

Donors should be advised that the FSUF reserves the right to sell or otherwise dispose of the personal property in question, if such action is financially advisable or necessary.

If the FSUF intends to sell a gift immediately rather than use or transfer to FSU, the donor must be informed that IRS rules may limit the amount of the charitable deduction to the donor's cost basis. FSUF will adhere to IRS regulations outlined in IRS Form 8282.

Whenever donors estimate their charitable contributions of tangible personal property at more than \$5,000 and donors seek to qualify for a charitable tax deduction, additional IRS regulations apply including the submission of a written appraisal by a qualified independent appraiser and IRS Form 8283. The FSUF cannot appraise or assign valuation to charitable contributions of tangible property. Transfers to FSU require consultation with the appropriate FSU department receiving the transfer and the approval of the FSU Vice President for Administration and Finance for the transfer prior to being added to the FSU inventory.

## ❖Planned Giving

Planned gifts may be either deferred or outright. They involve the transfer of substantial assets which affect the distribution of the donor's estate. These charitable contributions do not immediately confer FSUF ownership and generally are not taken out of current earnings. The FSUF can serve as sole trustee of any deferred gift which requires the appointment of a fiduciary. *As a member of the University System of Maryland, the FSUF may utilize the administrative resources of the University System of Maryland Foundation, Inc. (USMF) and may recommend planned gift and trust arrangements be administered by USMF or other licensed organizations to the benefit of FSUF.*

Commitments being made through an estate provision in excess of five years are subject to minimum funding requirements at the time the full gift is received. Should the gift not be sufficient to meet the then minimum funding requirements set for endowed funds by the FSUF, the gift will be used by the FSUF at the discretion of the Board of Directors in a manner most closely approximating the donors original stated intent as described in Section 2 of the Memorandum of Understanding.

The specific benefits of the following strategies are influenced by a number of variables such as a donor's age, income tax bracket, the size of the charitable contribution, and others.

The acceptable methods of creating deferred gifts to the FSUF are described below.

### Bequest in Will

A bequest is a charitable contribution of any amount or form made to the FSUF in a donor's Will or other legal document governing the distribution of assets at death.

Bequests may provide for a specific dollar amount in cash, specific securities, specific articles of tangible personal property, or a percentage of the residue of the estate. Charitable contributions may be made to the FSUF through the execution of a new Will or addition or through a codicil to an existing Will. Donors may also add either a residual or contingent codicil to their Wills.

Among donors' options are residuary and contingent bequests. A residuary bequest will give the FSUF all or a portion of the estate after all debts, taxes, expenses, and all specific bequests have been paid.

Donors may also establish by Will an annuity trust or unitrust. The bequest can be arranged to provide a life income for a designated beneficiary by directing that the bequest be used to establish a charitable remainder annuity trust or charitable remainder unitrust. If such a charitable contribution is made by Will, the principal will pass to the FSUF only after the death of the life income beneficiary.

Donors are encouraged to recognize that over the many years following the establishment of an endowment, the needs, policies, and circumstances of the FSUF and FSU can change in unforeseen ways. The FSUF administration must have the flexibility to make use of funds in the best interest of FSU and in accord with donor interests and specifications. Thus, donors are advised to describe the specific purposes of their charitable contributions as broadly as possible and to avoid detailed limitations and restrictions. Donors considering

bequests for a specific purpose are encouraged to consult the FSUF Executive Director or FSU Advancement Office. The inclusion of a flexibility clause similar to the clause in the section on "Unrestricted and Restricted Endowed Funds and Programs" is most desirable.

### **Designating the Purpose of a Bequest:**

Unrestricted: The most useful type of bequest is unrestricted, allowing the funds to be allocated by Frostburg State University Foundation, Inc. wherever the need is greatest. A named unrestricted endowment fund may be established as indicated in the above section on "Outright Gifts." The FSUF Executive Committee will designate the purpose and use of such a charitable contribution.

Restricted: You may designate your bequest to support a special program or purpose that reflects your personal or professional interest (for example: scholarships, faculty research and development, or library acquisitions). Such a fund may be established as indicated in the section on "Outright Gifts." A charitable contribution in any amount may be accepted as a contribution to an existing fund earmarked for a specific need of FSUF or FSU so long as the terms and conditions of the existing fund so permit.

If the bequest is restricted to a specific purpose, it is important that the following wording be added at the end of the provision:

*".....for so long as the Board of Directors of Frostburg State University Foundation determines that the need exists. Should the need no longer exist, said Board of Directors may, in its sole discretion, direct the use of my bequest for a purpose related as closely as possible to that stated above."*

If the field of study or specified purpose ceases to need funds in the future, an alternate use for the bequest may be determined.

### **If the Purpose of the Bequest is not Designated:**

If the donor does not designate a purpose the FSU Foundation will automatically do the following:

- If the total amount is under \$10,000 the funds will be deposited into the Unrestricted Annual Fund.
- If the total amount is \$10,000 or more, the funds will be deposited into the Unrestricted Quasi Endowment Fund.

### **If the Purpose of the Bequest is Designated but there is no pre-existing Memorandum of Understanding:**

If the donor designated a purpose, but had not signed a Memorandum of Understanding, the FSU Foundation will automatically do the following:

- Unless otherwise specified by the donor, the FSU Foundation will treat all designated bequests as an intent to create an endowment. If the total amount received is less than the minimum to open an endowment, the funds will be deposited into a holding fund to allow time for the family and friends of the donor to decide if they will contribute the additional funds needed. If additional contributions and pledges bring the fund to the minimum endowed level the funds will be transferred to create an endowment. Should it be determined the minimum level cannot be reached, or there has been no fund growth for three fiscal years, the funds will be transferred to either a development or pass-through fund

as appropriate.

- If it is possible for FSU and the FSU Foundation to abide by the purpose designated and/or the above provision to allow the Board of Directors to direct the use of the funds, a Memorandum of Understanding between FSU and the FSUF will be created and signed by the FSU President and FSU Foundation Executive Director.
- If it is not possible for FSU and the FSU Foundation to abide by the purpose designated and the above provision to allow the Board of Directors to direct the use of the funds, legal counsel will be consulted and every effort made to follow the designation as closely as legally and realistically possible.

### **Sample Bequest Language:**

The following represents sample language that may be used to make a charitable contribution by Will:

Percentage of estate for unrestricted purposes:

*"I give, devise, and bequeath to Frostburg State University Foundation, Inc., a not-for-profit organization located in Frostburg, Maryland, \_\_\_\_\_ percent (%) of my estate as an unrestricted gift to be used at the discretion of the Board of Directors of Frostburg State University Foundation for the general purposes of Frostburg State University, located in Frostburg, Maryland."*

Percentage of estate for restricted purposes with an endowment provision:

*"I give, devise, and bequeath to Frostburg State University Foundation, Inc., a not-for-profit organization located in Frostburg, Maryland, \_\_\_\_\_ percent (%) of my estate to establish the \_\_\_\_\_ (an ENDOWED FUND). The principal of this Fund shall be invested as part of Frostburg State University Foundation's permanent endowment and in accordance with its policies. The income there from is to be used by Frostburg State University Foundation, located in Frostburg, Maryland, for \_\_\_\_\_. Contributions may be added to the Fund at any time."*

*"If changed circumstances should at some future time make it impractical to continue using the income from the Fund for the purpose designated, then the Frostburg State University Foundation Board of Directors may re-designate the purpose for which the Fund's income may be distributed, provided that the Fund shall continue to bear the name \_\_\_\_\_ (an ENDOWED FUND), and that the amended terms shall adhere as closely as possible to my original intent."*

Specific amount for unrestricted purposes:

*"I give, devise, and bequeath to Frostburg State University Foundation, Inc, a not-for-profit organization located in Frostburg, Maryland, the sum of \$\_\_\_\_\_ in cash or in-kind (or \_\_\_\_\_ shares of \_\_\_\_\_ stock) to be used at the discretion of the Board of Directors of Frostburg State University Foundation, Inc. for the general purposes of Frostburg State University."*

Specific amount for restricted purposes:

*"I give, devise, and bequeath to Frostburg State University Foundation, Inc., a not-for-profit organization located in Frostburg, Maryland, the sum of \$ \_\_\_\_\_ in cash or in-kind (or \_\_\_\_\_ shares of \_\_\_\_\_ stock) to be used for \_\_\_\_\_ at Frostburg State University."*

*"If changed circumstances should at some future time make it impractical to continue using the income from the Fund for the purpose designated, then the Frostburg State University Foundation Board of Directors may re-designate the purpose to adhere as closely as possible to my original intent."*

## Charitable contributions that Provide a Beneficiary Payment

You may wish to make a substantial charitable contribution to Frostburg State University but feel you cannot afford to give up the annual income produced by the asset. Our life-income charitable contribution program offers several ways to help you make a charitable contribution while providing an income for your lifetime or a term of years.

The benefits to the donor vary, but all life-income charitable contributions have the following attractive features:

- income for life or a term of years is paid to you and/or another beneficiary, such as your spouse or another family member;
- increased income if a charitable contribution is made to a life income plan that produces a higher yield than the donated asset;
- an immediate federal income tax charitable deduction is available for a portion of the value of the charitable contribution; and
- favorable treatment of capital gains if the asset given is in the form of securities or real estate that have appreciated in value.

**Charitable Gift Annuity:** A simple contract by which the donor irrevocably transfers assets to the Foundation in exchange for an agreed-upon payment for life. Rates are influenced by age and based upon recommendations of the American Council on Gift Annuities. The payment will never vary. A portion of the payment from the annuity will be received tax free, depending upon the funding asset. After the end of the life of the donor or the donor and spouse, the remaining funds are available for use by the University. This simple strategy is very popular. It requires a minimum charitable contribution of \$10,000.

**“Deferred” Gift Annuity:** (contracted at age 50+) Allows one to fund the charitable contribution today but postpone the payments until an agreed-upon later date as early as the donor’s 60<sup>th</sup> birthday. This strategy can aid retirement planning as the donor prepares to augment a potential future reduction in income.

**Charitable Remainder Unitrust:** The primary feature of a charitable remainder unitrust is that it provides for periodic payment of income to the donor or another person specified by the donor, for life or a specified term of

years, after which the trust assets pass to the FSUF.

The designated beneficiary receives payments based on a fixed percentage of the net fair market value of the trust as valued annually. The fixed percentage may not be less than five percent. Donors may make subsequent additions to the unitrust. Charitable remainder unitrusts are established with minimum charitable contributions of \$100,000. The minimum donor age requirement is 60 years (both spouses when applicable).

**Charitable Remainder Annuity Trust:** The annuity trust shares many common features with the unitrust, the principal difference being the manner used to calculate the payment to the income beneficiary. The annuity trust provides for fixed payments based upon the fair market value on the date the trust is established.

Charitable remainder annuity trusts are established with minimum charitable contributions of \$100,000.

**Charitable Lead Trust:** The primary feature of a charitable lead trust is that it provides for the immediate support of the FSUF through a payment generated by the assets in trust for a set period of time, after which the assets pass to a non-charitable beneficiary such as the donor, the donor's children, or other persons the donor specifies. Thus, a charitable lead trust is conceptually the opposite of a charitable remainder trust. In a lead trust, the donor gives the FSUF the current economic benefit of the transferred assets and retains the right to reacquire possession and control of the assets at a future date or designate such to another beneficiary.

The donor during his or her lifetime creates an irrevocable trust agreement for a period of ten years or more. The agreement may take effect during the donor's lifetime or be part of the donor's Will. Assets are transferred to a trustee, with the stipulation that the income from the assets be paid to the FSUF for the life of the trust, after which the principal or corpus of the trust reverts back to the donor or others of his or her choosing.

A lead trust may be advantageous for donors who have a larger income than they currently need and who desire to transfer assets to heirs.

Charitable lead trusts are ordinarily established with minimum charitable contributions of \$1,000,000.

## Charitable contributions of Life Insurance

Life insurance can be accepted as a charitable contribution in two ways:

1. **FSUF is named owner and irrevocable beneficiary of an existing or new policy.** At the time of ownership transfer, FSUF will count the policy cash surrender value as an outright gift. Remaining premium payments will count as outright gifts as well or may be recorded as a multi-year pledge. The donor will pay premium payments directly to FSUF who will in turn pay the insurance company. A charitable contribution of a new policy with no (or low) cash value will be discouraged unless the policy will be paid up within five years, and/or it is part of a more comprehensive gift plan. Nothing further will be counted as charitable after the policy is paid up.
  - The donor will be reminded of premiums due, and will remit charitable contributions to FSUF for the amount of the premiums. Payments will be made in yearly lump sum payments
  - A policy will be considered “abandoned” when premium payments are not paid by the donor upon being reminded. Two additional contacts will be attempted to rectify the fund. If the payment has not been submitted within ten (10) days of the premium due date, the FSUF Executive Committee will decide to:
    - Continue paying the premiums; or
    - Cash out the policy; or
    - Convert policy to paid-up where no more premiums would be necessary.
2. **FSUF is named a beneficiary.** The donor retains ownership and will pay premiums directly to the insurance company. Nothing is booked as a charitable contribution until the owner passes at which time the entire death benefit will count as a charitable contribution from the donor’s estate on the date the FSUF receives the proceeds *unless* the donor is 65 or older and documents a non-binding estate agreement specifying the value of the death benefit. At the time of death, any amount greater than the bequest intention value will be recorded as an outright gift.

## Charitable contribution of a Remainder Interest in a Personal Residence or Farm

A donor can give a remainder interest in a personal residence, such as a home or condominium, or a farm to the FSUF. The donor or other occupants may continue to occupy the residence or operate the farm without disruption for the duration of the donor's life. Thereafter, the residence or farm will either be sold or used by the FSUF for purposes specified by the donor, if any. The procedures for evaluating proposed charitable contributions of real property, as outlined above, also apply to charitable contributions of a remainder interest in property.

If a life estate is retained in the property, expenses for maintenance, real estate taxes, and any indebtedness relating to the property are to be borne by the donor or the primary beneficiary.

## ❖Awards

### Pinnacle Award

The Pinnacle Award recognizes those who have made significant contributions of Time, Talent and Treasure in support of the educational mission of Frostburg State University through the FSU Foundation.

#### Pinnacle Award Nomination Criteria

**Eligibility** – Any alumnus, faculty/staff member, retired or current, as well as any friend of Frostburg State University is eligible, provided they have made a significant impact on FSU through the FSU Foundation. The award has typically been bestowed upon those who were members of the FSU Foundation Board of Directors, but that is not a requirement.

**Selection Criteria** – A maximum of one award can be presented annually to an outstanding candidate. However, should exceptional circumstances arise, an additional Pinnacle Award can be awarded upon recommendation of the Governance Committee and approval by the FSU Foundation Board. To ensure that this award remains prestigious, it is perfectly acceptable for the Foundation to not make an award in any given year and a maximum of five awards can be made during any five-year period.

A nomination letter should clearly demonstrate evidence of significant contributions to the educational mission of FSU through the FSU Foundation in the following areas: (Note examples are provided, but are not to be considered an exhaustive list)

1. Time
  - Service on the FSU Foundation Board
  - Service as a volunteer advocate for FSU Foundation fundraising initiatives
2. Talent
  - Serving on a College or Departmental Advisory Board
  - Being a speaker for student and/or alumni events
  - Advocating for FSU with government officials
3. Treasure
  - Membership in the Old Main Society
  - Establishment of an endowed fund through the FSU Foundation
  - Regular support of a pass-through scholarship fund through the FSU Foundation
  - Annual Leadership Level Donor

**Nomination Process** – Any past or present member of the FSU Foundation Board of Directors,

including ex-officio directors, may nominate an individual for this award. Names of potential nominees will be requested each year as part of the Board Self-Assessment Survey, but nomination letters may be sent in at any time of the year.

Each nomination letter should include:

1. A short description of the person nominated.
2. A description of the time, talent, and treasure that the individual contributed in support of the educational mission of FSU through the FSU Foundation.
3. Mention of any other significant achievements or awards the individual has had.

The nomination letter should be submitted to the FSU Foundation Executive Director, via email. All nominations received will be considered on an ongoing basis by the FSU Foundation Governance Committee.

Selection Committee – The FSU Foundation Governance Committee will review nominees and recommend award winners to the FSU Foundation Board of Directors based on demonstrated evidence of the aforementioned selection criteria in the submitted nomination letters as well as any additional materials provided by FSU Foundation and University Advancement staff.

## ❖Final Approval, Acceptance, and Execution by the FSUF

Documents effectuating the acceptance of all charitable contributions, the creation of endowment programs, and the transfer of real or tangible personal property to the FSUF must be approved by legal counsel if needed and executed by the donor, FSUF Executive Director, and FSU President or appropriate official. Documents for the creation of funds shall be executed in duplicate and the original shall be sent to the donor (when applicable) with the remaining original document to the FSUF.

To facilitate the gift-giving and agreement process, the FSUF may prepare the appropriate documents. In such case the donor is advised to have the documents reviewed by his or her legal or financial counsel.

## ❖PUBLIC INFORMATION POLICY

Since its inception in the early 1970s, the Foundation has been designated to administer private support for Frostburg State University through cash contributions, pledges, real property, gifts-in-kind, and planned gifts. The FSU Foundation is registered as a not-for-profit corporation for the stated purpose of supporting the educational mission of Frostburg State University and is recognized by the University System of Maryland Board of Regents as the "named affiliated foundation" for FSU. For the convenience of interested parties, the FSUF posts substantial information on the University web site such as annual reports, listings, and policies at [foundation.frostburg.edu](http://foundation.frostburg.edu)

The Foundation believes that the information it holds should be as open to public inspection as possible, while still respecting the privacy rights of donors, prospective donors, and Foundation employees, without compromising the FSU Foundation's ability to secure and steward funds for the continued success of FSU.

The Foundation strives to operate in an environment of openness and accountability. Many of the FSUF expenditures are directed through the FSU business office and individual donor records are maintained as a part of the University's record keeping system.

Foundation documents available for public review include:

- Audited Financial Statements
- IRS Form 990s
- Listing of FSU Foundation Board of Directors
- Annual Reports
- Operating Policies
- Articles of Incorporation
- Organizational By-laws

### Release of Information

The Foundation is a registered charitable organization. Information concerning this status may be obtained by writing to: FSU Foundation, Inc., 101 Braddock Rd, Frostburg, MD 21532. A copy of the annual report and financial statements are on file in the Ort Library, Frostburg State University.

### Confidentiality of Information

#### Donor Information

The Foundation will release (either by its own accord or through a request made by an external party) donor names, gift designations, and gift ranges for charitable contributions it receives to support Frostburg State University unless the donor(s) request confidentiality.

The Foundation's policy exempts the following information from disclosure: information relating to fundraising plans and strategies; trade secret information which, if released, could create a competitive disadvantage; individual employee information other than name, title, and salary; individual student information; and

information relating to trusts administered by the Foundation, except as to actual charitable contributions to the foundation from the trusts and other information protected by law.

To the extent the Foundation receives requests for information not accounted for in this policy, the Board of Directors or its designee will evaluate such requests within a reasonable time and determine whether the requested information can be disclosed consistent with this policy. Absent a specific, clear and necessary constraint on disclosure, the Board of Directors or its designee shall disclose the requested information.

A reasonable fee for the retrieval and reproduction of documents may apply.

## ❖ **Periodic Reassessment of the Policy**

The FSUF Board of Directors will periodically review this policy. If the Board of Directors revises this policy, it shall provide public notice on the University web site within thirty (30) days of any substantive changes or amendments. This policy and future revisions shall be made publicly available.

This policy does not govern or apply to documents or records held by or maintained by Frostburg State University.

## ❖ **Contingency Clause**

Due to the ongoing possibility of situations arising which can provide some unique financial or other benefit to the University, the FSUF may waive or exempt the specific situation from the above policies and procedures provided the Executive Director recommends the waiver or exemption and further provided that the FSUF Board approves the Executive Director's recommendation.

## ❖ Board Required Annual Certifications

Annually all Board members must complete the Conflict of Interest Disclosure form, Trustee Background Affirmation Statement, and Annual Consent form. These documents may be completed in person at a meeting or online. There must be unanimous consent to electronic voting prior to any electronic vote being taken.

### Conflict of Interest Statement

The Foundation Board of Directors, officers, and key employees have a fiduciary duty to the Foundation. This fiduciary duty requires that, in dealings for the Foundation, they put the interests of the Foundation ahead of all competing interests and that they not take advantage of their position with the Foundation for personal or private gain, either for themselves, any friend or family member, or any other organization in which they may have an interest. The Foundation recognizes the importance of adhering to the highest standards of responsibility, accountability, and public scrutiny.

The purpose of this Conflict of Interest Policy is to help identify situations that present potential or actual conflicts of interest and to specify procedures for reporting, reviewing, and managing them. This Policy is intended to supplement, not supersede, any applicable federal and state laws governing conflicts of interest applicable to nonprofit corporations.

On February 14, 2008, the Internal Revenue Service (IRS) promulgated a revised Form 990, the annual reporting form applicable to tax-exempt entities such as the Foundation. The new form contains several questions designed to meet the transparency and accountability needs of the states, the public, and local communities served by the tax-exempt organization. This Conflict of Interest Policy and the Disclosure Form which accompanies it further serve as a mechanism for collecting the information necessary to complete the Form 990.

#### Guiding Principles and Procedures:

Disclosure. Annually, each board member, officer, and key employee shall on the attached disclosure form disclose interests or affiliations which give rise to, or may give rise to, a conflict of interest or the appearance of a conflict of interest in the context of the Board member's, officer's, or employee's service on behalf of the Foundation. Such interests or affiliations shall include, but not be limited to, ownership interests, outside employment, officerships, directorships, trusteeships, advisory board memberships, committee or commission memberships, partnerships or service arrangements which might in fact or in appearance conflict with such Board member's, officer's, or key employee's responsibilities to the Foundation. If there are material changes in those interests and affiliations during the year, the Board member, officer, or key employee shall promptly amend his or her disclosure for the purpose of disclosing those material changes.

The completed disclosure forms shall be reviewed by Foundation staff and reported to the Governance Committee. The Governance Committee shall make recommendations to the Executive Committee as it deems appropriate with respect to reported conflicts.

Prohibition on Gifts or Other Benefits. Board members, officers, and key employees shall not accept benefits, favors, gifts, or other items of value that might affect the exercise of such person's judgment on behalf of the Foundation, might tend to impair confidence in the Foundation, or might create an appearance of impropriety. Notwithstanding the foregoing, Board members may accept minimal benefits having a value of less than \$100. Moreover, expenses associated with the attendance at investment conferences by Board members who are on the Investment Committee or key employees who are on the investment staff which are absorbed or reimbursed by the entity putting on or otherwise sponsoring the conference shall not be considered a prohibited benefit under this section.

No Financial Relationship with Foundation Unless Disclosed and Approved. No Board member, officer, or key employee shall have any relationship as director, officer, partner, employee, advisory board member, or consultant with or to, or have any substantial financial interest in any investment entity in which, or with which, the Foundation has an investment without prior approval of a majority of those voting on the investment and recusal of the Board member with the relationship. No Board member shall have any financial interest in any transaction between the Foundation and a third party (i.e., commission, finder's fee, annual fee, etc.) unless disclosed in advance to and approved unanimously by the Executive Committee, except if such conflict arises in connection with an investment decision, then the conflict should be disclosed in advance to and approved unanimously by the Investment Committee. This prohibition covers any substantive and material financial interest. This prohibition does not apply to interests in publicly traded securities. If the Foundation has an investment relationship with an entity in which a Board member has an interest at the time the Board member joins the Investment Committee, the Foundation may maintain that investment relationship, provided that in deliberations relating to that investment relationship, the Board member having an interest shall absent himself or herself from the room and shall not otherwise participate in decisions relating to that investment relationship.

No Use of Foundation Information. No Board member shall, for personal gain or for the gain of other organizations or individuals with which he or she is associated, use any information not available to the public-at-large which was obtained as a result of service to the Foundation.

Financial Interest in Proposed Foundation Transaction. When a Board member who is on the Investment Committee has a direct or indirect financial interest in a brokerage firm, an investment manager, a limited partnership or hedge fund entity, or other investment arrangement that is being considered by the Investment Committee for the Foundation, and that Board member discloses such interest to the Investment Committee, the Board member shall withdraw from the Investment Committee's deliberations on such investment or transaction (an "Affected Transaction"). When evaluating an Affected Transaction, the Investment Committee shall carefully review the circumstances of the actual or apparent conflict and evaluate alternative transactions where such an actual or apparent conflict does not exist. If the Investment Committee nevertheless decides to proceed with the Affected

Transaction, the Investment Committee must affirmatively determine that the Affected Transaction is fair and reasonable and that it is in the Foundation's best interests to enter into the Affected Transaction.

Fair and reasonable. All transactions where a board member has declared or been found to have a conflict of interest, whether or not such transaction involves an investment decision, must be fair and reasonable and in the Foundation's best interests.

In applying this Policy, the substance and not the form of the transaction shall be the paramount consideration. Interests of a Board member shall include direct and indirect interests. That is, the Policy shall apply to activities performed by a Board member either directly or through another person. For this purpose, the term "person" includes natural persons as well as partnerships, corporations, companies, associations, limited liability entities, and other organizations.

## **Confidentiality**

The individual disclosure statements shall be held by the Foundation as confidential to the extent permitted by law, but shall be available for review by any Foundation officer or Board member.

## CONFLICT OF INTEREST DISCLOSURE FORM

*NOTE: Terms are defined at the end of this document. Please answer all questions with respect to the current fiscal year (the time period from July 1 through June 30).*

1) Please check all applicable relationships with the Foundation.

- Member of the Board of Directors
- Officer
- Key Employee<sup>i</sup>

2) Were you compensated as an officer of the Foundation?

- Yes
- No

3) Did you receive total compensation or other payments exceeding \$10,000 from the Foundation as an independent contractor during the fiscal year?

- Yes
- No

4) Did you have a Family Relationship<sup>ii</sup> with any other board member, officer, or key employee?

- Yes
- No

*If yes, please identify such individual(s) and explain the family relationship.*

---

---

5) Were you employed by any other board member, officer, or key employee?

- Yes
- No

*If yes, please identify the individual(s) and explain the business relationship.*

---

---

6) Were you employed by an entity with which any other board member, officer, or key employee is associated as a trustee, director, officer, key employee, or more than 35% owner?

Yes

No

*If yes, please identify the entity and the individual(s) and explain the business relationship.*

---

---

7) Did you transact business (other than in the ordinary course of either party's business on the same terms as are generally offered to the public) with any other director, officer or key employee, directly or indirectly, in one or more contracts of sale, lease, license, loan, performance of services, or other transaction involving transfers of cash or property in excess of \$10,000 in the aggregate during the tax year? (Indirect transactions are transactions with an organization with which the other director, officer or key employee is associated as a trustee, director, officer, key employee or more than 35% owner.) Business relationships between an attorney and client, medical professional (including psychologist) and patient or a priest/clergy and penitent/communicant are privileged and need not be disclosed.

Yes

No

*If yes, please identify the nature and details of the business transaction, including amounts of cash or property involved.*

---

---

8) Do you and any other board member, officer, or key employee serve together as directors, trustees, officers, or owners of a greater than 10% interest in the same business or investment entity?

Yes

No

*If yes, please identify the individual(s) and the business or investment entity.*

---

---

9) Did you or a family member engage in one or more business transactions with the Foundation in which you received payments during the year that exceeded \$100,000 in the aggregate?

Yes

No

*If yes, please identify the individual(s) involved and a description of the transaction, including amounts of cash or property exchanged.*

---

---

10) Did you or a family member engage in one or more business transactions with the Foundation in which all payments during the year for a single transaction exceeded \$10,000?

Yes

No

*If yes, please identify the individual(s) involved and a description of the transaction, including amounts of cash or property exchanged.*

---

---

11) Did a family member of yours receive compensation from the Foundation in excess of \$10,000?

Yes

No

*If yes, please identify the individual(s) involved and a description of the transaction, including amounts of cash or property exchanged.*

---

---

12) Do you, individually or collectively with your family, other directors, officers, or key employees, own more than 35% of an entity which engaged in one or more business transactions with Foundation in which such entity received payments during the year that exceeded \$100,000 in the aggregate?

Yes  
 No

*If yes, please identify the individual(s) involved and a description of the transaction, including amounts of cash or property exchanged.*

---

---

13) Do you serve as an officer, director, trustee, or key employee of an entity which engaged in one or more business transactions with the Foundation in which such entity received payments during the year that exceeded \$100,000 in the aggregate?

Yes  
 No

*If yes, please identify the individual(s) involved and a description of the transaction, including amounts of cash or property exchanged.*

---

---

14) Do you (including the interests of family members) have more than a 5% interest as a partner or member if the entity is treated as a partnership or as a shareholder if the entity is a professional corporation which engaged in one or more business transactions with the Foundation in which such entity received payments during the year that exceeded \$100,000 in the aggregate?

Yes  
 No

*If yes, please identify the individual(s) involved and a description of the transaction, including amounts of cash or property exchanged.*

---

---

15) Do you, individually or collectively with your family, other directors, officers, or key employees, own more than 35% of an entity which engaged in one or more business transactions with the Foundation in which all payments during the year for a single transaction exceeded \$10,000?

Yes  
 No

*If yes, please identify the individual(s) involved and a description of the transaction, including amounts of cash or property exchanged.*

---



---

16) Do you serve as an officer, director, trustee, or key employee of an entity which engaged in one or more business transactions with the Foundation in which all payments during the year for a single transaction exceeded \$10,000?

Yes  
 No

*If yes, please identify the individual(s) involved and a description of the transaction, including amounts of cash or property exchanged.*

---



---

17) Do you (including the interests of family members) have more than a 5% interest as a partner or member if the entity is treated as a partnership or as a shareholder if the entity is a professional corporation which engaged in one or more business transactions with the Foundation in which all payments during the year for a single transaction exceeded \$10,000?

Yes  
 No

*If yes, please identify the individual(s) involved and a description of the transaction, including amounts of cash or property exchanged.*

---



---

18) A list was provided to you containing vendors that were paid \$10,000 or more during the previous fiscal year by Frostburg State University, Frostburg State University Foundation, Inc., or both. Review the list carefully. Do you have an affiliation with any of the vendors on the list?

Yes

No

*If yes, List the vendor(s) and describe your affiliation(s).*

---

---

## ANNUAL CERTIFICATION STATEMENT

I, \_\_\_\_\_, (please print name), hereby:

Please Print Name Here

- 1) Acknowledge that I have received, read, and fully understand the Foundation Conflict of Interest Policy, and agree to be bound by its terms;
- 2) Declare that I have completed the Conflict of Interest Disclosure Form to the best of my knowledge; and
- 3) State that to the best of my knowledge I do not have an interest that could constitute a conflict of interest, except as hereinbefore disclosed in the Disclosure Form and below.

---



---



---



---



---

Signature

Date

*By signing below, the signee has agreed that there are no changes to the above statements. In the event there are changes, a new form must be completed and signed.*

Signature

Date

Signature

Date

Signature

Date

Signature

Date

### **<sup>i</sup>Key Employee**

For purposes of Form 990 reporting, an employee of the organization (other than an officer, director, or trustee) who meets all three of the following tests is considered a key employee:

1. **\$150,000 Test:** Receives reportable compensation from the organization and all related organizations in excess of \$150,000 for the calendar year ending with or within the organization's tax year;
2. **Responsibility Test.:** The employee:
  - a. has responsibilities, powers, or influence over the organization as a whole that is similar to those of officers, directors, or trustees;
  - b. manages a discrete segment or activity of the organization that represents 10% or more of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole; or
  - c. has or shares authority to control or determine 10% or more of the organization's capital expenditures, operating budget, or compensation for employees.
3. **Top 20 Test:** Is one of the 20 employees (that satisfy the \$150,000 Test and Responsibility Test) with the highest reportable compensation from the organization and related organizations for the calendar year ending with or within the organization's tax year.

### **<sup>ii</sup>Family Member, Family Relationship**

Unless specified otherwise, the family of an individual includes only his or her ancestors, spouse, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great grandchildren, and spouses of brothers, sisters, children, grandchildren, and great grandchildren.

## Trustee Background Affirmation Statement

In connection with contracts that the Frostburg State University Foundation, Inc. has or will have with “public bodies” as defined in section 16-101(f) of the Maryland State Finance and Procurement Code, I hereby certify that either

       I have not:

- 1) been convicted of, or have pleaded *nolo contendere* to a charge of bribery, attempted bribery, or conspiracy to bribe in violation of Maryland law, or of the law of any other state or federal law;
- 2) been convicted under the state or federal statute of a criminal offense incident to obtaining, attempting to obtain, or performing a public or private contract, fraud, embezzlement, theft, forgery, falsification or destruction of records, or receiving stolen property;
- 3) been convicted of any criminal violation of a state or federal antitrust statute;
- 4) been convicted under the provisions of Title 18 of the United States Code for violation of the Racketeer Influenced and Corrupt Organization Act. 18 U.S.C. section 1963, et seq., for acts arising out of the submission of bids or proposals for a public or private contract;
- 5) been convicted of a violation of the State Minority Business Enterprise Law, section 14-308 of the Maryland State Finance and Procurement Code;
- 6) been convicted of conspiracy to commit any act or omission that would constitute grounds for conviction or liability under any law or statute described in subsection (2), (3), (4) or (5) above;
- 7) been found civilly liable under a state or federal antitrust statute for acts or omissions in connection with the submission of bids or proposals for a public or private contract;
- 8) admitted in writing or under oath, during the course of an official investigation or other proceeding, acts or omissions that would constitute grounds for conviction or liability under any law or statute described above; and
- 9) been suspended or debarred (including being issued a limited denial of participation) by any public entity; OR

       I have committed one or more of the acts listed in the preceding paragraph and provide the following:

- a) description of any conviction, or plea with the date, court, official or administrative body, the sentence or disposition, the name(s) of the person(s) involved and their current positions and responsibilities with the business, and
- b) status of any debarment or suspension including the dates of the suspension or debarment, the name of the public entity and the status of the proceedings, the name(s) of the person(s) involved and their current positions and responsibilities with the business, the grounds for the debarment or suspension, and the details of each person's involvement in any activity that formed the grounds for the debarment or suspension.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

---

Signature

Date

*By signing below, the signee has agreed that there are no changes to the above statements. In the event there are changes, a new form must be completed and signed.*

---

Signature

Date

## Annual Consent Form

To comply with Maryland law, the Frostburg State University Foundation, Inc. is requesting your consent to the following:

- I consent to action being taken outside of a meeting via electronic vote provided that to the Secretary's knowledge information and belief:
  1. All who would normally be eligible to vote are informed.
  2. Records of all votes are tabulated.
  3. Sufficient votes to have the motion passed must be obtained.
  4. The results will be shared with all eligible voters.
- I consent to having my voice recorded during all teleconference and in person meetings for the purpose of verifying that minutes are accurate. After the minutes for the meeting are approved the voice recording will be deleted.

*By signing below, the signee has given consent for the current fiscal year.*

---

Signature

Date

## ❖ “WHISTLE BLOWER” POLICY

### **General**

FSUF’s Policy of Ethics and Conflict of Interest requires directors, officers, and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As representatives of the Foundation, the practice must be one of honesty and integrity in fulfilling responsibilities and remaining in compliance with all applicable laws and regulations.

### **Reporting Responsibility**

It is the responsibility of all representatives to comply with the Policy and to report violations or suspected violations in accordance with this Whistleblower Policy.

### **No Retaliation**

No representative who in good faith reports a violation of the Policy shall suffer harassment, retaliation, or adverse employment consequence. A representative who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment or position on the Foundation’s board. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within the Foundation prior to seeking resolution outside the Foundation.

### **Reporting Violations**

The Policy addresses the Foundation’s open door policy and suggests that representatives share their concerns, suggestions, or complaints with someone who can address them properly. In most cases, an employee’s supervisor is in the best position to address an area of concern. However, if the complainant is not comfortable speaking with said supervisor, dissatisfied with the supervisor’s response, or serves the Foundation as a volunteer, this policy serves to encourage any such individual to speak with anyone in management with whom they are comfortable in approaching.

For suspected fraud or when the complainant is not satisfied or uncomfortable with following the Foundation’s open door policy, individuals should contact the Audit Committee Chair, Governance Committee Chair, or the Foundation’s external financial auditor.

### **Compliance Officer**

The Board President shall advise the Executive Director, the Audit Committee Chair, and/or the Governance Committee Chair, who may serve as the compliance officer of any violation of the Policy brought to his or her attention by a representative. The Board President has direct access to the audit committee and governance committee of the board of directors.

### **Accounting and Auditing Matters**

The Audit Committee of the Board of Directors shall address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing. The Board President or Audit Committee Chair

shall immediately notify the Audit Committee of any such complaint and work with the Committee until the matter is resolved.

### **Acting in Good Faith**

Anyone filing a complaint concerning a violation or suspected violation of the Policy must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Policy. Any allegations that prove not to be substantiated and which prove to have been made maliciously or known by the discloser to be false will be viewed as a serious offense.

### **Confidentiality**

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

### **Handling of Reported Violations**

The Compliance Officer will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

## ❖DOCUMENT RETENTION POLICY

This policy is established to ensure that the records of the Frostburg State University Foundation (hereafter the "Foundation") are retained as required by law and/or for a period of time deemed to be sufficient given the content and purpose of the record. "Records" include all forms of communications or information relating to the Foundation and its business which have been reduced to "hardcopy" such as paper or film or which can be retrieved from electronic media. Records shall include all incoming and outgoing records as well as drafts, notes, calendars, and personal records relating to Foundation business.

Failure to retain records as required by law could subject employees and the Foundation to penalties and fines, cause the loss of rights, obstruct justice, spoil potential evidence in a lawsuit, place the Foundation in contempt of court, or seriously disadvantage the Foundation in litigation.

The Foundation expects all employees and other persons who generate and access Foundation records to fully comply with this policy. In addition, if an employee or other person believes or is informed by the Foundation, that Foundation records are relevant to litigation or potential litigation (i.e., a dispute that could result in litigation), then those records must be preserved until the Foundation in-house or outside legal counsel determines the records are no longer needed. This exception supersedes any previously or subsequently established destruction schedule for those records.

Retention time periods are noted in the following table unless needed for a longer period of time due to audit requirements or litigation:

TYPE	RETENTION TIME-LINE
<b>Institutional and Legal Records:</b> <i>(retained in fire-proof safe in FSUF office)</i>	
Articles of Incorporation; By-Laws	Permanent
Copyright and Trademark Registration	Permanent
Contracts (including agreements with investment managers and student loan recipients) and Leases	while active + 7 years
Deeds and Titles	Permanent
Licenses	While active + 7 years
IRS Exemption Application and Determination Letter	Permanent
<b>Federal and State Tax Records:</b> <i>(retained in files within FSUF office or in the FSUF Storage Shed unless noted below)</i>	

Form 990, Form 990T and State returns with attachments	Permanent
Form 990, Form 990T and State Support	7 years
Private Letter Rulings, and Revenue Agent's Reports	Permanent
IRS Audit Files	7 years
Unclaimed Property Reports	Permanent
Minutes of Board of Director Meetings and Committee Meetings	Permanent
Annual Reports	Permanent
<b>Litigation Records:</b>	
Claims	While Active + 2 years
Court Documents and Records	While Active + 2 years
Deposition Records	While Active + 2 years
Discover Materials	While Active + 2 years
Litigation Files	While Active + 2 years
Records relevant to pending or threatened litigation	Retained until litigation is resolved or threat of litigation gone
<b>Capital Property Records:</b>	
Inventory	While Active + 7 years
Property Records including motor vehicle records	While Active + 7 years
Depreciation Schedules	While Active + 7 years
Property Improvement Records	While Active + 7 years
Sales	7 years
Tax Exemption Records	Life of Property + 7 years
Mortgage, Bonds, and Other Long Term Debt Records	While Active + 7 years
Memorandums of Understanding with Donors (in files and scanned and stored in data base)	Permanently

<b>Bank Records</b>	
Bank Reconciliations and support, bank statements, deposit records, and wire transfer records	7 years
<i>Exception to above - important payments such as payments for purchase of significant property or lawsuit settlements</i>	Permanently
<b>Insurance (insurance broker retains)</b>	
Property Insurance Policies	Life of Policy
Liability Insurance Policies	Life of Policy
Insurance Claim Documents	Settlement + 7 years
<b>Payroll Records:</b>	
Individual Employee Files:	
Wage and Salary History	7 years
Salary or Current Rate of Pay	7 years
Payroll Deductions	7 years
Time Sheets	7 years
W-2 Form	7 years
W-4 Form	7 years
Garnishments	While Active + 7 years
Other:	
Bi-weekly payroll registers	7 years
Payroll reports to Federal, State and Municipal Agencies	7 years
Payroll Journal Entries	7 years after final payment
Unclaimed Salaries and Wages	until required to be reported to State
Notice of Unemployment Claims	7 years

<b>Employment:</b>	
Job Announcements and Advertisements:	
Applications or Resumes	1 year
Applicants Not Hired	1 year
Applicants Who are Hired:	
Background Investigations Results (summary letter from contractor for current employees and report for new hires)	While Active + 7 years
Letters of Recommendations	While Active + 7 years
All other employee benefit plans	7 years
<b>Personnel Files:</b>	
Applications and Resumes for Employment	While active + 7 years
Unsuccessful	1 year
If EEO suit	until resolution
Employment History including performance evaluations, disciplinary warnings and termination or layoff notices	While Active + 7 years
Financial Records – including machine-sensible records that contain sufficient transaction-level detail so that the information and the source documents underlying the machine-sensible records can be identified.	
Description of Accounting System	While Active
General ledgers, subsidiary ledgers and year end trial balance	Permanently
Journal Vouchers and Backup	While Active + 7 years
Account Reconciliations	While Active + 7 years
Annual Audits	Permanently
<b>Audit Reports and Work Papers:</b>	

Accounts Payable ledgers and schedules, vouchers for payments and voucher registers and checks	7 years
Accounts/ Notes Receivable ledgers and schedules	7 years
Quarterly Unitized Bank Reports	7 years
<b>Revenue Records:</b>	
Contributions, Grant and Non Gift Records – all documents supporting the transaction such as donor correspondence except for credit card information	7 years
Credit Card information	numbers and expiration dates shredded or blacked out when processing is complete
Subsidiary Ledgers and Posting Reports	7 years
<b>Investment Records:</b>	
All annual reports received from investment managers relating to investment performance, firm operations and market valuations	7 years
All monthly and quarterly reports received from investment managers relating to investment performance, firm operations and market valuations	1 year
Monitoring Records	7 years
<b>Accounts Payable Records:</b>	
Processed and Paid Disbursement and Expense Reimbursement Requests	7 years
Subsidiary Ledgers and Posting Reports	7 years
Check Preparation Reports	7 years
1099 and 1042 Reports	7 years
Check Register	7 years
<b>Paper or Electronic Correspondence:</b>	
General/Routine – Screen annually and destroy that material for which no further reference is required. At the end of 2 years all e-mails will be automatically deleted unless noted to be saved. However, employees should periodically review e-mail folder for deletion	
Legal	see litigation
Investment	see investment
Audio Recordings of meetings	until the meeting minutes are approved
Voice mails	deleted as soon as receiver responds to caller or matter resolved, whichever is later.
<b>Internal Audit:</b>	
Reports and Responses	7 years

## Retention

FSUF usually retains the most recent two years' worth of accounting and payroll documents at FSUF's business office. Documents older than two years are usually archived in an off site facility. (Currently kept in a storage building on FSU Campus.) All other documents are retained on site.

Automatic back-up of all FSUF documents is completed by FSU's information technology department with on and off site storage.

Manual Backup of the accounting system is completed bi-weekly with storage on FSUF computer, FSU main frame computer on-campus site, and FSU's off site backup system.

Employees should consult with CFO prior to destroying any record not identified above.

## Disposal

The Director of Administration and Finance is responsible for oversight and approval for the retention and final disposition of records.

- (a) A record shall be made of all disposed documents and filed in the FSUF fire proof safe unless it is an expired insurance policy or part of the annual "clean-up" of records where Accounts Payable, Account Receivable, Payroll, and Investment materials are sent for shredding because they are over 7 years old. The record shall identify the type of record destroyed, the subject matter (if applicable), and the date and method of disposal and the initials of the persons who disposed.
- (b) Any document containing the personal information of Foundation employees, vendors, or donors is secured and maintained in locked offices and shall be shredded when disposition occurs to prevent the document from causing harm to the person (i.e. identity theft and employee privacy).
- (c) The Foundation will have an annual "clean-up" day during which employees shall dedicate their efforts to document storage and disposal in compliance with this policy.

## Privacy

Many records subject to record retention requirements contain confidential information. Employee background reports must be stored in the payroll files in a locked cabinet.

## Compliance

The Chair of the Audit Committee shall periodically audit to ensure compliance.