THE UNIVERSITY OF CENTRAL ARKANSAS FOUNDATION, INC.

Policies & Procedures Handbook

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# Section 1.	Introduction

The University of Central Arkansas Endowment and Trust Fund, Inc., forerunner to the UCA Foundation, Inc. was created in 1977, as a public charity, with assets of $28,573. On May 13, 1981, a petition was filed by James D. Gingerich, attorney, on behalf of Jefferson D. Farris, Bennie W. Horton, John J. Hurley and William R. Patterson for incorporation of a nonprofit corporation to be known as the University of Central Arkansas Foundation, Inc. On May 15, 1981, the University of Central Arkansas Foundation, Inc. was declared a new corporation.

The University of Central Arkansas Foundation, Inc. ("the Foundation") is the University of Central Arkansas's ("the University") official non-profit organization responsible for receiving, investing and administering private support.

The purpose of the Foundation, which is a not-for-profit corporation recognized as an organization exempt from taxation under Section 501 (c) (3) of the Internal Revenue Code of 1986, is to further the goals of the University, which is a state-chartered institution of higher education in Arkansas, by securing and carefully managing private funds for the support of the University. The Foundation solicits and manages endowment funds for scholarships, University programs, and other University needs. It also solicits and distributes restricted funds for University programs, buildings, and funds for current operating needs of the Foundation and the University.

The Foundation provides a privately-funded scholarship program that offers additional educational opportunities to the University's students. Scholarships and awards made possible by private gifts for students attending the University of Central Arkansas vary considerably in dollar value and criteria, reflecting the donor's gift and interests.

Confidentiality of the Foundation Records

The successful partnership between the University and the Foundation is based on effective service, trust and accountability. The Foundation, as a direct support organization of the University, acknowledges the importance of public scrutiny of its financial affairs. the Foundation's ability to assure donors and prospective donors that their personal or financial information will be held in confidence is essential to fulfilling its primary mission of raising private support for the University.

Upon receipt of a reasonable and specific request in writing, the Foundation will provide financial information, such as expenditures from Foundation funds, documentation regarding completed business transactions, and information about the investment and management of Foundation assets. The Foundation will furnish this information in a format reasonably responsive, at a reasonable cost to the requesting party. The Foundation will not, however, release any record or information that includes personal or financial information about a donor, alumnus, prospective donor, volunteer or employee.

All fund-raising activities undertaken by the University staff, faculty, students or volunteers are undertaken on behalf of the Foundation. All records associated with such activities relating to personal or financial information about a donor, alumnus, prospective donor, volunteer, or employee, in the possession of any the University staff member, faculty, student or volunteer are records of the Foundation and are confidential.

Section 2. Foundation Policies

A. Conflict of Interest Policy – *Adopted June 2020*

I. Introduction

The Foundation is a publicly supported charitable foundation serving the University community and is dedicated to its mission. The Foundation operates within the public trust and strives to maintain the highest code of conduct in all of its operations.

The Foundation recognizes that it can best accomplish its mission when the board of directors, volunteer committee members, staff and other groups associated with the foundation represent the diverse interests, cultures, occupations and expertise of the community. Thus, the foundation recognizes that members of the board of directors and others representing or affiliated with the Foundation will from time to time face possible conflicts of interest or situations in which the appearance of conflict of interest could be detrimental to the Foundation and the communities it serves. The Foundation adopts this code of conduct in recognition of its responsibility to the public trust, in recognition of the importance of fairness and objectivity in its conduct of business, as a means of assuring that every decision of the Foundation is made in the interest of the Foundation and the communities it serves and as a means of publicly codifying its expectations of board, staff and volunteers, and others serving the Foundation.

This code of conduct applies to all persons holding positions of responsibility and trust on behalf of the Foundation, including but not limited to members of the board of directors, volunteer committee members, members of the boards of supporting organizations to the Foundation, and members of the Foundation staff (hereinafter “members”). This code of conduct shall be provided to each member at the time that he or she is asked to serve the Foundation.

II. General Policies and Expectations

Members of the Foundation are expected to commit themselves to ethical and professional conduct. This includes the proper use of authority and appropriate decorum.

Members must represent unconflicted loyalty to the interest of the Foundation. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups, business interests, personal interests or paid or volunteer service to other organizations. It also supersedes the personal interest of any staff or volunteer member acting as a consumer or client of the Foundation’s services.

It is the policy of the Foundation that no member shall derive any personal profit or gain, directly or indirectly, by reason of his or her service to the Foundation. There may be no self-dealing or any conduct of private business or personal services between any member and the Foundation except those conducted in an open and objective manner to ensure equal competitive opportunity and equal access to information.

Board members or volunteer committee members must not use their positions to obtain employment in the Foundation for themselves, family members or close associates. Should a board or volunteer committee member desire employment, he or she must first resign.

Board and volunteer committee members may not attempt to exercise individual authority over the policies and operations of the Foundation except through their roles as voting members of the board or volunteer committees. Staff members may not attempt to exercise individual authority over the policies and operations of the Foundation except through their specific job responsibilities and established supervisory structure.

Board members and volunteer committee members in their interaction with the press and the public must recognize the inability of any individual member of the board or committee to speak for the Foundation except as expressly authorized by the board chair. Staff members in their interactions with the press and the public must recognize the inability of any individual staff member to speak for the Foundation except as expressly authorized by the executive director.

The Foundation will comply with both the letter and spirit of all public disclosure requirements, including the open availability of its Form 990 tax returns. However, all members must hold strictly confidential all issues of a private nature, including, but not limited to, issues related to private businesses, contributions from individuals, businesses and other private entities, and all personnel matters.

III. Policies on Conflict of Interest

In conducting the affairs of the Foundation, duality or conflict of interest shall be presumed when a person to whom this policy applies or a member of his/her immediate family serves as a trustee, officer, staff member or holder of more than 10% of corporate stock of an affected organization or firm; has a formal affiliation or interest in an affected organization or firm; or could expect financial gain or loss from a particular decision.

Before a staff, board or volunteer committee member begins his or her service with the Foundation, he or she shall file with the Executive Director of the Foundation a list of his or her principal business activities, as well as involvement with other charitable and business organizations, vendors or business interests, or with any other associations that might produce a conflict of interest.

In addition to the disclosure required by the previous paragraph, each member is under an obligation to the Foundation, to his or her fellow staff or volunteers, and to the community served by the Foundation to inform the Foundation of any position he or she holds or of any business or a vocational activity that may result in a possible conflict of interest or bias for or against a particular grantee, action or policy, at the time such grant, action or policy is under consideration by the board or any volunteer committee of the Foundation. Any duality or possible conflict of interest on the part of any member shall be disclosed to the Chair of the Board (in the case of volunteers) or the Executive Director (in the case of staff members) and made a matter of record as soon as the issue in question is raised and a possible conflict is known.

When the board, committee or staff is to decide upon an issue about which a member has an unavoidable conflict of interest, that member shall physically absent herself or himself without comment from not only the vote, but also from the deliberation, unless directly requested by the chair of the board or relevant committee to provide factual information or answer factual questions that may assist the board or committee in making a wise decision. In no case shall that Member vote on such matter or attempt to exert personal influence in connection therewith.

Disclosure and abstention shall be recorded in the minutes of the meeting(s) at which the issue is discussed and decided.

In any situation not specifically covered by the previous sections of this policy, members shall consider carefully any potential conflict of their personal interests with the interests of the Foundation and refrain from any action that might be perceived as an actual or apparent conflict of interest.

IV. Examples of Appropriate Actions Under This Code of Conduct

Example 1. An officer or other paid employee of a bank or other financial institution who is also a board or finance committee member of the Foundation should inform the chair of the board of his or her potential conflict of interest and abstain from discussing or voting on the retaining, employing or dismissing of his or her financial institution as an investment manager of the foundation.

Example 2. A board or distributions committee member who is also a board, staff or committee member of a proposed grantee should inform the chair of his or her conflict of interest and abstain from voting on or discussing any motion for or against the proposed grant, except as expressly requested by the chair to provide factual information or answer factual questions that would be useful to the board or committee in its decision making. If several grants are being voted upon concurrently, the Board or committee member must voice his or her conflict of interest to the chair before the vote so that a vote on the grant with which there is a conflict may be taken separately.

Example 3. A board or committee member whose personal financial interests could be positively or adversely affected by the Foundation’s accepting, holding or disposing of a particular gift from a donor or by knowledge of the gift should inform the chair of his or her potential conflict of interest; refrain from seeking, obtaining or reviewing non-public information about the gift; and abstain from discussing or voting on acceptance of the gift.

V. Duties of the Board Chair and the Executive Director

The chair of the board shall be responsible for the application and interpretation of the code of conduct as they relate to board members, volunteer committee members or the executive director. The executive director shall be responsible for the application and interpretation of the above policies as they relate to members of the foundation's staff.

VI. Duties of Members

Each member has the affirmative responsibility to report to the board chair (in the case of concerns related to board or committee members or the executive director) or to the executive director (in the case of concerns related to members of the staff) any and all knowledge of any action or conduct that appears to be contrary to this code of conduct.

B. Whistleblower Policy – *Adopted June 2020*

The Foundation requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the Foundation, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

I. Reporting Responsibility

This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns internally so that the Foundation can address and correct inappropriate conduct and actions. It is the responsibility of all board members, officers, employees and volunteers to report concerns about violations of the Foundation's code of ethics or suspected violations of law or regulations that govern the Foundation's operations.

II. No Retaliation

It is contrary to the values of the Foundation for anyone to retaliate against any board member, officer, employee or volunteer who in good faith reports an ethics violation, or a suspected violation of law, such as a complaint of discrimination, or suspected fraud, or suspected violation of any regulation governing the operations of the Foundation. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment.

III. Reporting Procedure

The Foundation has an open-door policy and suggests that employees share their questions, concerns, suggestions or complaints with their supervisor. If you are not comfortable speaking with your supervisor or you are not satisfied with your supervisor's response, you are encouraged to speak with the Executive Director of the Foundation. Supervisors and managers are required to report complaints or concerns about suspected ethical and legal violations in writing to the Executive Director, who has the responsibility to investigate all reported complaints. Employees with concerns or complaints may also submit their concerns in writing directly to their supervisor or the Executive Director.

IV. Compliance Officer

The Foundation Executive Director is responsible for ensuring that all complaints about unethical or illegal conduct are investigated and resolved. The Executive Director will advise the Board of Directors of all complaints and their resolution.

V. Accounting and Auditing Matters

The Executive Director shall immediately notify the Audit Committee/Finance Committee of any concerns or complaint regarding corporate accounting practices, internal controls or auditing and work with the committee until the matter is resolved.

VI. Acting in Good Faith

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

VII. Confidentiality

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

VIII. Handling of Reported Violations

The Executive Director will notify the person who submitted a complaint and acknowledge receipt of the reported violation or suspected violation. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

C. Document Retention and Destruction Policy – *Adopted June 2020*

The Document Retention and Destruction Policy identifies the record retention responsibilities of staff, volunteers, members of the board of directors, and outsiders for maintaining and documenting the storage and destruction of the Foundation's documents and records.

The Foundation staff, volunteers, members of the board of directors, committee members and outsiders (independent contractors via agreements with them) are required to honor the following rules:

1. Paper or electronic documents indicated under the terms for retention in the following section will be maintained by the Foundation;

2. All other paper documents will be destroyed after three years;

3. All other electronic documents will be deleted from all individual computers, data bases, networks, and back-up storage after one year;

4. No paper or electronic documents will be destroyed or deleted if pertinent to any ongoing or anticipated government investigation or proceeding or private litigation; and

5. No paper or electronic documents will be destroyed or deleted as required to comply with government auditing standards.

Record Retention

The following table indicates the minimum requirements for the Foundation’s document retention policy.

Type of Document	Minimum Requirement
Accounts payable ledgers and schedules	7 years
Audit reports	Permanently
Bank reconciliations	2 years
Bank statements	3 years
Checks (for important payments and purchases)	Permanently
Contracts, mortgages, notes, and leases (expired)	7 years
Contracts (still in effect)	Contract period
Correspondence (general)	2 years
Correspondence (legal and important matters)	Permanently
Correspondence (with customers and vendors)	2 years
Deeds, mortgages, and bills of sale	Permanently
Depreciation schedules	Permanently
Duplicate deposit slips	2 years
Employment applications	3 years
Expense analyses/expense distribution schedules	7 years
Year-end financial statements	Permanently
Insurance records, current accident reports, claims, policies, and so on (active and expired)	Permanently
Internal audit reports	3 years

Type of Document	Minimum Requirement
Inventory records for products, materials, and supplies	3 years
Invoices (to customers, from vendors)	7 years
Minute books, bylaws, and charter	Permanently
Patents and related papers	Permanently
Payroll records and summaries	7 years
Personnel files (terminated employees)	7 years
Retirement and pension records	Permanently
Tax returns and worksheets	Permanently
Timesheets	7 years
Trademark registrations and copyrights	Permanently
Withholding tax statements	7 years

D. Investment Policy – *Revised May 2025*

I. Statement of Philosophy

The resources of the Foundation are intended to supplement the resources of the University rather than provide operating funds for the University.

The long-term view and reasonable levels of risk for the assets of the Foundation take precedence over high short-term returns for current operating and capital needs. However, this policy must balance inflation risk and market risk. Consequently, policies must place preserving and enhancing principal above high return.

The paramount priority of this investment policy is to set forth prudent investment parameters that are consistent with the long-term investment objectives and risk parameters of the Foundation.

II. Statement of Objectives

The Foundation's assets will be managed in high quality fixed income securities with the duration of the assets matching the duration of the liabilities. There will be sufficient liquidity to meet any current needs, and extraordinary distributions will require a 30-day prior notice to the manager.

The endowment funds will be invested for long-term total return (capital appreciation and current return) consistent with prudent levels of risk.

It is the intention of the Foundation Board to give the investment manager full discretion within the scope of the investment guidelines set forth in this document.

III. Recommended Asset Mix

The following recommended allocation of assets is not rigid but will require approval from the Foundation Investment Committee for any change of 10% or more in any category. Due to market fluctuations, it is understood a category may be outside of the established ranges by up to 5% for a short period of time and should be rebalanced to adhere to these ranges within one calendar quarter.

1. Cash & Equivalents – 5% - 25%

Short-term investment (reserves) shall consist of obligations of the U.S. government, U.S. agencies, and corporate issues of one-year maturity or less, and the two highest grades of commercial paper. Additionally, money market mutual funds comprised of the aforementioned securities are also permitted.

2. Bonds/Fixed Income – 15% - 50%

The investment quality of the fixed income securities shall not be rated less than **"BBB"** by Moody's or Standard & Poor's. Maximum ownership of any one issue, exclusive of U.S. government issues, shall not exceed 5% of the fixed income portfolio at cost. The duration of the bond portfolio shall not exceed 5 years. Index and mutual funds primarily comprised of the aforementioned securities are also permitted and is not limited to the 5% maximum ownership noted previously.

3. Equities – 40% - 65%

The manager shall comply with the following restrictions regarding the equity portfolio: The portfolio may hold common stocks publicly traded on U.S. exchanges and securities convertible into such stocks. Equity investments in any single industry shall not exceed 20% of the market value of the total equity portfolio. Equity investments in any single issue shall not exceed 5% of the market value of the total equity portfolio. Index and mutual funds comprised of the aforementioned securities are also permitted and is not limited to the 20% maximum ownership noted previously.

4. Private Market/Alternative Investments – up to 15%

Alternatives include but are not limited to floating-rate debt instruments. Floating-rate debt funds primarily invest broadly across the floating-rate loans market. These funds provide diversified exposure by seeking to invest in loans across various sectors, credit quality and issuers. The floating-rate structure provides a low duration product that may help reduce the interest rates risk and volatility of the portfolio. The objective of alternative investments is to provide low correlation to the primary markets with the potential of enhanced return. Illiquid investments are permitted only when the asset or the income it generates directly benefits the University or approved by the Investment Committee.

The investment manager shall consider carefully any potential conflict of their personal or professional interests with the interests of the Foundation and refrain from any private market/alternative investment opportunity that might be perceived as an actual or apparent conflict of interest, unless disclosed to the Investment Committee and/or Board of Directors upon presentation of the opportunity.

Private Market/Alternative Asset Categories:

Mezzanine Debt	**Distressed Debt**
Real Estate	**Private Placements**
Bank Loan	**Floating Rate Debt**
Commodities	**Private Equity**
Special Purpose/University Project Financing	**Master Limited Partnership**

IV. Evaluation and Performance Criteria

The fund's managers can expect to be evaluated using both absolute and relative performance criteria. For average annual total portfolio return, the fund's objective will be absolute return of the Consumer Price Index plus 3%. The absolute figure will be reviewed annually and adjusted, if necessary, after consultation between the fund's managers and the Board of Directors.

In addition, two or more of the following relative performance indices will be used to evaluate overall performance in each area of portfolio allocation:

1. **Equities**
   - S&P 500 Composite Index
   - Dow Jones Industrial Average Index
   - Total Market Index
   - Russell 3000
   - Russell 1000
   - Any other generally available equity performance index with component issues similar to those of the equity portfolio.

2. **Fixed Income**
   - Bloomberg Barclays U.S. Intermediate Index
   - Bloomberg Barclays U.S. Aggregate Index
   - BofA Securities, Inc. US High Yield Index
   - Any other generally available fixed income performance index of issues with maturity and quality similar to the fixed income portfolio.

3. **Cash & Equivalents**
   - United Stated Treasury Bills
   - Commercial Paper
   - Certificates of Deposit
   - Treasury Money Market Fund

The funds custodian will meet with the Investment Committee quarterly and present and discuss reports showing the performance of the entire portfolio and of the funds managed by each manager compared to other indices listed above.

Additionally, the Board of Directors may opt to employ a professional service to perform regular independent investment performance analyses on the portfolio. Payment for this service can be made through directed commission business.

V. Communication and Review

Ongoing communication by phone, letter, or meeting will be accomplished as deemed necessary by the advisor and/or the Board of Directors. The Investment committee places great trust in, and emphasis on, the investment strategy employed by the fund's managers. Any extreme changes to or deviations from the managers' approach must be communicated and justified to the Investment Committee and the President of the Foundation. Additionally, the Committee requires the advisors to communicate any significant changes in management personnel.

The Board anticipates communication from the advisors as to the advisors' outlook on the economy, the general business environment, or other related matters which would be of interest to the Board. The above guidelines and objectives have been set forth to give the fund custodian and managers an overview of the general investment philosophy and orientation of the Directors responsible for the fund. The intent is to give broad direction allowing for the flexibility necessary for the fund managers to implement their investment strategies.

The Investment Committee will evaluate the financial advisor/investment manager every 7-10 years by a Request for Proposals process to ensure compliance, transparency, and performance is sufficient and effective for the benefit of the Foundation. The financial advisor shall be a fiduciary of the Foundation upon selection and execution of agreement/contract.

VI. Annual Review/Proposed Changes

The investment manager shall be responsible for reviewing these guidelines with the Investment Committee at least annually to assure that they remain valid and relevant.

Recommendations of policy changes which could lead to enhanced returns while continuing to maintain prudent risk exposure are welcome. Any recommendations for changes in any investment guidelines or this investment policy should be submitted, in writing, to the Investment Committee or the President of the Foundation, who will then in turn present such recommended changes to the membership of the full Investment Committee.

Any changes recommended by the full Investment Committee should then be discussed and voted upon by the Foundation's Board of Directors.

E. Spend Rate Policy – *Revised May 2022*

The long-term objective of the spending guidelines is to maintain the purchasing power of the Endowment and to provide a reasonable, predictable, stable, and sustainable level of income to support current operations.

Under normal circumstances, the annual expenditures for support of University programs from the endowment pool should not exceed five percent (5.0%) of the trailing three-year average market value of the endowment pool as measured at December 31st. Under extraordinary circumstances, the board may choose to suspend the 5% cap in order to fulfill this intention. Total annual support dollars for expenditures provided by endowment should not be less than the prior year.

When an endowment has been in existence for less than five years, the spending limit will be calculated using the average market value over the life of the endowment. Endowments less than three years old are limited to spending actual cash yield (interest and dividend income). Newly established endowments created on or before December 31 in the year prior to the spending rate calculation date are not eligible to participate in the spending rate program. Donors are encouraged to provide separate funds when establishing a new endowment to allow for immediate spending while the fund meets the investment period requirement.

In periods with no market value appreciation, spending may be limited to the actual current yield generated by the endowment pool assets. Actual yield will typically be defined as interest and dividend income. The Finance Committee will review the spending rate on an annual basis. Should market performance result in unsustainable change in available spending, the Finance Committee will address the spending rate and alter accordingly.

Example 1
$25,000 endowment created on 11/20/2018
This fund will be included in the 6/30/2019 spending rate calculation
The scholarship will be included in the 2019/2020 scholarship application process
The first award from this gift will be in 2020/2021 academic year

Example 2
$25,000 endowment created on 2/20/2019
This fund will be included in the 6/30/2020 spending rate calculation
The scholarship will be included in the 2020/2021 scholarship application process
The first award from this gift will be in 2021/2022 academic year

The Foundation is authorized to charge an endowment management fee of one and a half percent (1.5%) of the market value of the endowment to be collected annually based on June 30th of each year. Once the total endowment market value reaches $100 Million, the management fee percentage shall be re-evaluated by the Board of Directors.

It is understood that the total return basis for calculating spending identified above is sanctioned by the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

F. Gift Acceptance Policy – *Revised November 2022*

I. Authority

The authority to negotiate for and to solicit gifts in general for the benefit of The University of Central Arkansas Foundation, Inc. ("the Foundation") shall be vested in the President of the University of Central Arkansas ("the University"), the Vice President for University Advancement (who is also President of the Foundation), development officers, and any other person(s) who may later be designated by the President of the University.

All gifts shall be recorded and receipted according to the standards recommended by the Council for the Advancement and Support of Education (CASE), the National Association of College and University Business Officers (NACUBO), and the American Institute of Certified Public Accountants (AICPA).

Any gift, current or deferred, which necessitates the establishment of a fund, requires a written agreement. Exceptions to this may be approved as needed by the President of the Foundation. These agreements shall be signed by the President of the Foundation, President of the University, and the donor(s). No agreement shall be executed until the President of the Foundation reviews the document and determines that it is feasible and prudent for the Foundation to proceed.

II. Compliance

At all times, the Foundation will fully comply with the regulations of the Internal Revenue Service and other regulatory agencies regarding reports and accountings which must be made. These policies are not intended to amend or replace the Foundation policies regarding investments. These policies should be viewed as complimentary to the investment policies.

Overall responsibility for assuring compliance with this policy is assigned to the Vice President for University Advancement. In appropriate cases, gift proposals shall be screened by the Gift Acceptance Committee. The Gift Acceptance Committee is a subcommittee of the Foundation Board of Directors. Members of this committee shall be the President of the Foundation and members of the Foundation Board of Directors.

Types of gifts reviewed by the Committee may include, but are not limited to:

a. Gifts of real property or an interest therein.
b. Gifts of tangible personal property, such as art, jewelry, furniture, sculpture, if made on the condition that the gift will be permanently exhibited or that the collection(s) will be maintained and shown as such.
c. Gifts of closely-held securities, stock options, partnership interests, or other negotiable instruments.
d. Gifts of undivided interest or future interests.
e. Bargain sales, gifts subject to encumbrance.
f. Gifts that present questions as to whether they are within the role and scope of the University.
g. Gifts that might raise questions about the University's integrity, independence, academic freedom, or potentially expose the University to adverse publicity, financial risk, or litigations.

h. Gifts that present the potential for an obligation that the University may be unwilling or unable to assume.

Types of tangible personal property accepted with intent to sell may include, but are not limited to:

a. Coins
b. Automobiles
c. Books
d. Boats
e. Manuscripts
f. Art work

The Foundation cannot accept gifts which involve unlawful discrimination based upon race, sex, national origin, handicap, or any other basis prohibited by federal, state, and local laws. The Foundation is unable to accept gifts too restrictive in purpose or inconsistent with the University's stated academic purpose and priorities. Gifts received by the Foundation must not inhibit it from accepting gifts from other donors.

The Foundation will not accept a gift making it a principal in a joint venture or business activity in which it participates fully in the risks of operation, and has more than limited liability for the conduct of the business (i.e., as a general partner, principal in a joint venture, or as an owner of a working interest).

III. Gifts

A gift is defined as any transfer of personal or real property made voluntarily and without consideration. Gifts of securities, real estate, mineral interests, equipment, books, works of art, and gifts by bequest or non-cash gifts are subject to special handling by the Foundation. Gifts may be made in several forms: (1) outright; (2) conveyance of gift in return for a lifetime income or a term of years; (3) bequest through a donor's will or trust; (4) income from an asset placed in a trust for a period of years and (5) real property while maintaining the right to occupy it for the lifetime of the donor.

a. Cash and Credit Card Gifts

The Foundation recognizes that the accurate, timely processing of gifts is important to both the donor and to the University of Central Arkansas. The Foundation assumes responsibility to ensure the gift is recorded and acknowledged correctly. Cash and credit card gifts may be made and accepted as follows:

Gifts by Check. Checks should be made payable to the University of Central Arkansas Foundation. The donor, in the note section or in a cover letter, should specify any special restriction for the use of the funds.

Credit Card Gifts. The Foundation accepts gifts of Visa, MasterCard, American Express and Discover by phone or through the Foundation's website.

Year-End Gifts. To qualify as a tax deduction in a given year, a cash gift must be postmarked or hand-delivered by December 31st of that year. Credit card gifts must be actually charged by December 31st.

b. **Publicly Traded Securities**
Publicly traded securities received by the Foundation are liquidated as soon as feasible or upon recommendation of the investment manager.

Publicly Traded Securities Held in a Brokerage Account. Securities held by a broker may be delivered electronically to the Foundation brokerage account. The Donor should contact the Foundation when making this type of gift. The Donor should notify their broker of the gift and provide the broker with the contact information of the Executive Director of the Foundation. For crediting purposes, the gift will be credited at the fair market value, which is the average of the high and low on the date of delivery.

Publicly Traded Stock in Certificate Form. Donor will need a signed stock power from the donor's banker or broker, and letter of authorization for each stock certificate donated. These, along with the unsigned certificates, should be sent by registered mail. The gift amount will be credited on the date the stock is delivered. For crediting purposes, the gift will be credited the fair market value, which is the average of the high and low on the date of delivery.

The Foundation prefers that the donor not sign stock certificates or have shares re-registered in the name of the Foundation . It is preferable for the donor to transfer stock in one of the two ways mentioned above, and provide a letter to the Foundation regarding the application of the proceeds of the securities.

c. **Life Insurance**
Life insurance is a policy that will pay a specified sum to beneficiaries upon the death of the insured. Donors may make an outright gift of a policy to the University of Central Arkansas Foundation, Inc. by irrevocably transferring all incidents of ownership in a policy to them. The Foundation will accept two types of life insurance gifts:

i. gift of a paid-up insurance policy
ii. gift of a new or existing insurance policy, for which the donor intends to continue making payments so that the policy does not lapse.

In either case, the donor must name the Foundation as both the owner and the beneficiary of the insurance policy with the understanding that the Foundation will cash in the policy as soon as practicable, at the discretion of the Foundation. If the donor only specifies the Foundation as the beneficiary of a policy, but retains ownership, the donor has made a revocable deferred gift, which is addressed later in this policy in the Life Insurance Beneficiary Designations section.

The Foundation will not:

i. Accept ownership of term policies as they have no current cash value and seldom remain in force until the death of the insured.
ii. Accept group life insurance as it is owned by the employer. Donors may opt to name the Foundation as beneficiary of either a term or group life policy, but that would qualify as a revocable deferred gift as opposed to a current outright gift.
iii. Make premium payments on a policy unless reimbursed by the donor or approved by the Foundation Board.

d. Real Property

When gifts of real property are made to the University of Central Arkansas Foundation, Inc., the acceptance of those gifts shall be in a manner consistent with the stated University policy regarding land acquisition and by consensus of the Gift Acceptance Committee. Foundation development officers must inform donors that the University of Central Arkansas and the University of Central Arkansas Foundation, Inc. may dispose of all gifts of real estate if it is in the best interest of the University. Thus, regardless of the value placed on the property by the donor's appraisal, the Foundation will attempt to sell at a reasonable price in light of current market conditions, and the donor needs to be informed that any such sale occurring within three years of the date of the gift will be reported to the IRS on Form 8282. In addition, the following guidelines and restrictions shall generally apply:

i. The Foundation requires a visual inspection by an approved representative of all real estate offered as a gift. If necessary, the opinion of a contractor should be secured if a major problem is suspected.

ii. The Foundation requires a Phase 1 Environmental Audit be conducted for all proposed gifts of non-residential real estate (and residential real estate if the visual site inspection or professional inspection is unsatisfactory). This is ***expected to be at the expense of the donor. Under special circumstances, the Gift Acceptance Committee may authorize the expense of the audit provided all other conditions of acceptance are met***.

   The Foundation will obtain a market estimate and statement of marketability from at least two independent real estate representatives. The market estimate provides an estimate by review of comparable properties with sales within the last 3-6 months. Most real estate firms generate these at no cost.

   If the gift is completed, the donor is responsible for obtaining an appraisal for the IRS. The appraisal must be conducted by a qualified appraiser and meet IRS standards. The appraisal is to be made no earlier or later than 60 days of the date of the gift. The donor’s charitable deduction is based on the appraisal and their particular tax situation.

iii. Donated real estate shall be free of all restrictions and encumbrances, including recorded or unrecorded rights of way or easements. The title to the property should be clear and unencumbered. No gift of real estate may be accepted until all mortgages, deeds of trust, liens and/or other encumbrances have been discharged unless in very unusual cases where the fair market value of the University's interest in the property net of all encumbrances is substantial. A copy of any title information in the possession of the donor, such as the most recent survey of the property, a title insurance policy, and/or an attorney's title opinion must be furnished.

A disclosure statement must be signed by the potential donor, reflecting any and all carrying costs, including but not limited to property owners' association dues, country club membership dues, transfer charges, and taxes and insurance.

iv. Restrictive covenants for the use of the property shall be evaluated by the Vice President for University Advancement and the Executive Committee of the Foundation Board. The evaluation shall be to determine factors such as limitation on marketability of the property.

v. Prior to the acceptance of any real property which is subject of any restrictive covenant(s), approval of the Executive Committee of the Foundation Board must be obtained.

vi. Real property which does not produce income is unacceptable. However, the Executive Committee of the Foundation Board may recommend an exception should they feel the benefit to the Foundation will exceed any costs that may accrue.

vii. If the real property to be given is encumbered by a lease, acceptance of the gift will occur only after review of the lease by legal counsel, who will make a determination on the Foundation's benefits and liabilities.

viii. Environmental concerns shall be satisfactorily addressed. If appropriate, an environmental audit and property warranties and indemnification from the donor shall be secured.

ix. All transfer costs, including warranty, title insurance, and appraisal (where required) shall be the responsibility of the donor.

x. Proposed retained life estate agreements shall be approved by the Executive Committee of the Foundation Board on a case-by-case basis.

xi. Title to gift property should be made to the "University of Central Arkansas Foundation, Inc."

Approval/Acceptance Process

1. The Foundation will provide a summary of the proposed gift. The summary shall normally include the following information:

- Complete legal description of real property and copy of warranty deed, if possible
- Tax status of the property and any current or proposed assessment
- Current zoning and any proposed changes
- Mortgage balance, if any
- Lease or rental information, if appropriate
- Any oil, gas, mineral, or other rights that may or may not be transferred
- An appraisal of the property and the two statements of marketability from the independent real estate representatives
- Real estate listing information if property currently on the market
- Any potential for income and expenses, encumbrances, and carrying costs prior to disposition
- Any environmental risks or problems revealed by audit or survey

2. All gifts of Real Property valued at $500,000 or more must be approved in writing by the President of the University of Central Arkansas.

3. If a proposed gift of real property is approved, the Foundation will prepare an acknowledgement and receipt of the gift upon notice that the property has been properly recorded in the local Recorder's Office.

4. When contacted by the donor, the Foundation's Executive Director will acknowledge the appraisal summary on IRS Form 8283 and the Foundation will retain a copy of the signed appraisal in its files. The Foundation reserves the right to obtain an additional appraisal at its own expense if it determines that it is prudent to do so.

e. Tangible Assets

Gifts of tangible personal property, including coins, automobiles, boats, books, and artwork, may be accepted by the Foundation. Such gifts shall be subject to the same basic restrictions of costs of transfer, etc., set forth above. Gifts of artwork will be subject to the Guidelines and Procedures for Donations of Artworks (see next section, G.).

If the donor intends to claim a charitable deduction of more than $5,000 for a non-cash gift, either outright or in a trust, the IRS requires the donor to obtain a qualified appraisal and report a summary of that appraisal on the IRS form 8283.

When contacted by the donor, the Foundation's Executive Director will acknowledge the appraisal summary on IRS Form 8283 and the Foundation will retain a copy of the signed appraisal in its files. The Foundation reserves the right to obtain an additional appraisal at its own expense if it determines that it is prudent to do so.

The Foundation is free to sell or liquidate any gift property at any time, unless otherwise agreed in writing. Its intention to either resell the property or to retain and use it to further its charitable activities should be made clear to the donor at the time of the gift. The Foundation will not hold gift property for more than three years simply to circumvent the IRS tax reporting requirements.

Most tangible personal property that is accepted by the Foundation with the intent to sell will result in a deduction for the donor; this deduction, in most cases will be the lesser of the cost basis or the fair market value of the item.

Donors must be informed that if a non-cash gift for which the donor was required to file form 8283 is sold within three years of the date of the gift, the Foundation, as required by law, will complete and submit IRS form 8282 to the IRS, reporting the amount for which it was sold.

f. Charitable Gift Annuity

A standard charitable gift annuity (CGA) is a transaction where a person irrevocably transfers to an institution some property, such as cash or securities, and the institution agrees in a contract to pay the donor or other beneficiaries (maximum allowable of two beneficiaries) a guaranteed annuity for life. A deferred payment charitable gift annuity is almost identical in construct to the standard charitable gift annuity. The significant difference is that the contract stipulates some date in the future when payments to the donor or other beneficiaries will begin. In the event a donor wishes to establish a Charitable Gift Annuity with the Foundation, the percentage of income to be paid to the donor will be consistent with procedures set forth under Arkansas law and regulations. Arkansas law requires the use of the Charitable Gift Annuities rate as determined and published by the American Council on Gift Annuities. Charitable Gift Annuities must be funded with at least $10,000 in cash or readily marketable securities and the youngest annuitant must not be under 65 years of age. Deferred charitable gift annuities may be accepted from donors of any age, but benefits are not payable until a minimum age of 65.

g. Deferred Gifts

Bequest Expectancies

Bequest expectancies are provisions in a will, trust or other testamentary legal document providing a gift to charity pursuant to applicable state law. When drafting a new will or adding a codicil to a current will, a bequest can take various forms. It can be a stated dollar amount, specific property (such as securities, real estate, or other assets), a percentage of an estate, or the residual of an estate. A bequest can also be contingent (unless accompanied by a legally enforceable contract) and not realized unless the intended beneficiary dies first or is disqualified.

It is always advisable to have legal counsel review a will to make sure it is valid and that all of the donor's wishes are met. State law governs wills; therefore, it is important to retain an attorney who practices in the state where the donor lives or owns real estate.

A trust can be set up outright or through a will if the donor would like a spouse or other heirs to receive income for life or for a certain number of years, with the property eventually passing to the Foundation.

Life Insurance Beneficiary Designation

A donor may name the Foundation beneficiary of a life insurance policy without transferring ownership of that policy to the Foundation. When a donor only names the Foundation beneficiary and does not transfer ownership, he/she has made a revocable deferred gift, similar to a bequest in a will. Like a bequest, this gift is an expectancy. Naming the Foundation as beneficiary is different from making an outright gift of a life insurance policy. Please refer to the life insurance gift acceptance policy for guidelines on the acceptance of outright gifts of life insurance.

Retirement Plans/IRA Beneficiary Designations

A retirement plan provides individuals with income, or a pension, after they retire when they are no longer earning regular income from employment. Many retirement plans offer tax deferral on contributed income. Some examples of retirement plans include 401(k) plans, 403(b) plans, IRAs (both traditional and Roth), company-based pension plans and annuities. Although outright gifts from retirement plans are not tax favored under current law, in many cases naming the Foundation as a beneficiary of a retirement plan is an excellent option for donors. The manner in which the Foundation is named will depend on the type of plan and the plan administrator. Naming the Foundation as beneficiary of retirement plan proceeds is not an outright gift but an expectancy, like a bequest in a will.

IV. Pledges

A pledge is a written or oral agreement to contribute cash or other asset to the Foundation over a stated period of time (typically no more than five years). The Foundation considers all general pledges and annual fund pledges as revocable and does not record them in the general ledger. However, pledges that are irrevocable and in writing will be recorded to the general ledger and may be discounted depending on the length of the pledge.

V. Endowed Funds

The Foundation shall define and manage its endowments in accordance with FASB definitions and rules.

Endowments may be designated by the donor for restricted use in any school/college, department or program within the University and may be named in honor or in memory of individuals. Endowments shall be governed by a written fund agreement executed by the donor and the Foundation. This agreement must be reviewed and approved by the President of the Foundation before it is presented to the donor.

Endowments may be funded with outright contributions including contributions pledged over a maximum period of five years. Any exceptions to the policy must be approved by the President of the Foundation. If gifts for an endowment fail to meet the required minimum after the maximum pledge period, the funds may either be transferred to the general endowment funds of the Foundation or to another Foundation fund, as determined by the Foundation Board of Directors. Endowments funded by designated contributions from a Charitable Lead Trust may exceed the five year maximum payment period on a case by case basis.

Endowments may also be funded with deferred contributions from bequests, life insurance policies, retirement plan designations, charitable remainder trusts, charitable gift annuities, and similar instruments and arrangements. However, only the remainder value of these giving agreements may be used for credit toward the required endowment minimums. Should such a deferred contribution not meet the prevailing minimums for an endowed fund at the time it becomes available to the University, the Foundation Board of Directors shall determine a use for the funds that most closely resembles the purpose(s) set out in the original gift agreement.

Endowments created by testamentary transfer shall be administered in accordance with the donor's wishes as set forth in the relevant testamentary document, provided that the donor clearly intends to establish an endowment and the intended use is not prohibited by law or University policy. If the intended use does fall outside of the law and/or University policy, or if the gift fails to meet the prevailing required minimum for an endowed fund at the time it becomes available to the University, the University will adhere to the laws and regulations of the State of Arkansas regarding such matters.

Endowment principals will be pooled and invested, and income expended, in accordance with the prevailing investment and spending policies of the Foundation.

Chairs and professorships may be funded with a combination of outright and deferred gifts assuming the total funding meets endowment minimums. If a portion of the funding will come from a bequest, life insurance policy, or retirement plan designation, the donor must be willing to sign an enforceable and irrevocable testamentary pledge agreement. Any exceptions to this funding arrangement must first be reviewed and recommended by the Gift Acceptance Committee prior to final approval by the President.

The following are the required minimums to fully endow the purpose listed. The Foundation Board of Directors reserves the right to adjust the required minimums when necessary. All gifts can be made over a period of up to five years or through other means as described in this document.

Endowment Type	Minimum Level

Endowed Scholarship **$25,000**

Funds generated by an endowed scholarship are used to provide financial assistance to students who meet certain criteria. For example, the donor may wish to benefit students enrolled in a particular school or program or students with a particular grade point average. In other cases, the donor may wish to give the University more flexibility to adapt the criteria based on changes in student recruitment needs.

Endowed Program Support Fund **$25,000**

Income provided by an endowed program support fund is used to advance the on-going operations of a specific program designated by the donor. The program support fund may be named according to the wishes of the donor.

Non-Endowed Fund **$5,000**

Non-endowed funds, or outright/current restricted funds, can be established with a minimum gift of $5,000 pledged over a period of five years. This $1,000 annual gift will mirror a minimum endowment of $25,000 based on an annual 4% spend.

VI. Naming of Scholarships

Endowed Scholarships

Scholarship endowments may be established for $25,000 or more. The donor may choose to pay that out over a period of five years with a signed pledge form. The Foundation invests endowed funds, and then uses a spending policy formula that considers the market value of the endowment to determine the amount of investment earnings that may be spent on scholarships. Only a portion of the earnings will be spent each year, and the remainder is reinvested into the principal of the endowed fund so it continues to grow and generate more earnings each year. The donor may establish criteria for selecting the scholarship recipient. The criteria, however, may not discriminate based upon race, sex, national origin, handicap, or any other basis prohibited by federal, state, and local laws, or be too restrictive that it makes it difficult to award.

Outright Scholarships

Outright scholarships are those than can be awarded immediately and in their entirety. Only gifts of $5,000 or more that go into the general scholarship fund will be named for a donor and matched with a specific student. Those scholarships will be named for one academic year. Therefore, if a donor gives $5,000 two years in a row, they may not be paired with the same student for both years. One-time gifts to the general scholarship fund will be awarded based on the foundation general scholarship guidelines.

To create a named, outright fund, the donor must agree to an annual gift of $1,000 for 5 years or more, for a commitment of at least $5,000. A fund agreement will be made at that time and a pledge form submitted. The donor may establish criteria for selecting the scholarship recipient. The criteria, however, may not discriminate based upon race, sex, national origin, handicap, or any other basis prohibited by federal, state, and local laws, or be too restrictive that it makes it difficult to award. The fund will be named according to the donor’s wishes. Once the fund is depleted and no more gifts are made, the awarding of that scholarship ceases.

G. Guidelines for Donations of Art – *Revised February 2018*

I. Introduction

This document sets forth guidelines for the acceptance of works of art to the and/or the Foundation.

The Foundation is an Arkansas not-for-profit corporation, recognized as an "exempt organization" under Section 501 (c)(3) of the Internal Revenue Code of 1986, as amended. The Foundation was established, and exists, to enhance the educational mission and enrich the built environment of the University.

The Public Art Committee ("Committee") is charged by the University to make recommendations regarding the acquisition, placement, and maintenance of the University Art Collection ("Collection") on campus.

The Foundation has fiduciary responsibility for the Collection until the Foundation and the Committee agree to assign items to specific college or departmental special collections, the Torreyson Library Collection, or the Baum Gallery of Fine Art, at which time said items become either the property of the Trustees of the University, or remain property of the Foundation, with such distinction to be set forth in a document executed by the respective parties.

II. Conditions for Acceptance

a. Gifts of Artwork for Educational Purposes

1. The University and the Foundation accept gifts of art work for educational purposes on behalf of library, museum, and departmental collections. In order to efficiently manage, utilize, and preserve such works of art, the University and the Foundation accept unrestricted gifts. Acceptance, collection assignment, placement, and exhibition of art works for educational purposes are the purview of the Committee and the Foundation, working through the Committee and the Gift Acceptance/Bylaws Committee of the Foundation.

2. Before artwork is accepted for educational purposes, it will:

    (a) be an original work of art or an object significant to educational goals and objectives according to its quality and function (See Addenda A and B.)

    (b) have adequate documentation to prove clear title and transparent provenance: works of art in potential conflict with the UNESCO Convention, NAGPRA, or national protection acts may not be considered for acceptance (See Addendum C.)

    (c) be of sufficient condition to withstand study, interpretation, and periodic installation in an exhibition or classroom setting

(d) be exemplary of the UCA Collections Management Policy "Acquisitions" objectives for works of art accepted for the educational edification of the UCA community

(e) be accompanied by sufficient assets necessary to, and available for, its acceptance, possible accessioning, maintenance, exhibition, storage, and conservation; and

(f) be reviewed by the Committee, in cooperation with campus stakeholders, before being accepted for transfer to a designated campus collection (See Addendum A.)

b. Gifts of Artwork to Enrich the Built Environment: Public Art

1. The University and the Foundation accept gifts of public art to enrich the built environment. In order to efficiently manage, utilize, and preserve such works of art, the University and the Foundation accept unrestricted gifts. Acceptance of the gift(s), placement, and management of items in the Collection are the purview of the Committee.

2. Before a piece of public art is accepted, it will:

(a) align with objectives of the public art collection (See Addendum A.);

(b) have documentation of clear title or evident ownership history;

(c) be of sufficient quality and sound construction to withstand continuous display and the rigors of public use; and

(d) be suitably and securely matted and/or framed with an appropriate hanging device, and mounted or presented in a fashion appropriate to the medium, or be accompanied by funds for that provision.

c. Gifts of Artwork to Enrich the Built Environment: Decorative Art

1. The University and the Foundation accept gifts of decorative art to enrich the built environment. In order to efficiently manage, utilize, and preserve such works of art, the University and the UCA Foundation accept unrestricted gifts. Acceptance of the gift(s), placement, management, and dispossession of items in the decorative arts collection are the purview of the Committee.

2. Before a piece of decorative art is accepted, it will:

(a) align with objectives of the decorative arts collection (See Addendum A.);

(b) have documentation of clear title or evident ownership history;

(c) be of sufficient quality and sound construction to withstand continuous display and the rigors of public use; and

(d) be suitably and securely matted and/or framed with an appropriate hanging device, according to the medium, or be accompanied by funds for that provision

d. Gifts of Artwork to Benefit Educational Programming

1. The University and the Foundation accept gifts of fine and decorative art work to benefit educational programs through immediate sale or distribution of such gifts for monetary gain, or by exchange to accommodate an acquisition of other art work.

2. In order to facilitate transference of title and advantageous management, the University and the Foundation accept unrestricted gifts for sale or distribution, that:

(a) are original works of art (See Addendum B.);

(b) have adequate documentation to prove clear title and transparent provenance: works of art in potential conflict with the UNESCO Convention, NAGPRA, or national protection acts may not be considered for acceptance (See Addendum C.); and

(c) are of sufficient quality and provenance to secure a meaningful return on the management of the gift and sale.

III. All Gifts of Art

a. Required Notice to be Given

1. All reasonable care and available resources will be dedicated to securely exhibiting and caring for gifts of artwork.

2. However, individual works are not assigned a specific rider for insurance purposes (with the exception of the Baum Gallery of Fine Art or the Torreyson Library Art Collection), and are not covered under standard building and contents damages provided by the Risk Management Division of the Arkansas Insurance Department. Prior to the date of the donation and acceptance of the gift of art, the donor shall be provided with a written notice setting forth the matters in this paragraph 2, as well as the fact that neither the University nor the Foundation is responsible for damage to, or theft of, donated works of art.

b. Procedure

1. The Foundation staff reviews “Works of Art” packet with the prospective donor;

2. The Foundation staff prepares a draft “Memorandum of Understanding” and a “Gift and Assignment of Personal Property” for the donor, attaching the following:

(a) one copy of the purchase title;
(b) a statement of fair market value*;
(c) a brief summary of ownership history (provenance); and
(d) a photograph of the object.

3. The executive committee of the Committee reviews the documentation to determine alignment of the gift with collection goals and objectives, and to establish a reasonable financial commitment to provide for gift maintenance. The Committee then makes a recommendation to the Gift Acceptance/Bylaws Committee, which reviews it and makes a decision. If the decision of the Foundation committee is not unanimous, the matter shall be referred to the full Board of Directors of the Foundation.

4. If accepted, the Foundation informs the prospective donor, in writing, of the Committee’s decisions and recommendations. The donor and the Foundation then enter into the Memorandum of Understanding and Acceptance of Gift of Personal Property, and the donor executes the Gift and Assignment of Personal Property. If necessary, the Foundation will prepare, and the donor will co-sign, an addendum to the Memorandum of Understanding that identifies the donation amount to be applied to gift preparation and/or maintenance.

**Gift with fair market values of more than $5,000 must be accompanied by an appraisal determined by a qualified independent appraiser, as required by the IRS. Gifts of $5,000 and less must have one of the following:*
An appraisal determined by a qualified independent appraiser.
A bill of sale (sales tax excluded).
An invoice and a copy of the check or personal credit card statement showing payment (sales tax excluded).
A statement of value determined by a qualified expert on the faculty or staff of the institution, excluding those at the institution whose fund-raising totals are directly affected by the gift.
A statement provided by the University for a charity auction, identifying the purchaser’s winning auction bid.

H. Trustee for Charitable Trusts – *Adopted September 2022*

The Foundation will consider serving as trustee or successor trustee of a trust. The primary circumstances when the Foundation will act as trustee are (a) for a charitable remainder trust as described in the Internal Revenue Code, or (b) when a donor is deceased and the Foundation acts as successor trustee to fulfill duties similar to that of an executor/personal representative as described above. The minimum expectation is that the Foundation will only serve if the Foundation is a 50 percent remainder beneficiary for a trust described in (a) above or a 50 percent or more beneficiary for a trust described in (b) above. The decision to accept the trusteeship or successor trusteeship of a planned gift shall be subject to the approval of the Office of Gift Planning, according to the terms and conditions outlined in this policy document, including the following:

- The Foundation will not serve as co-trustee of a trust.
- The Foundation will not serve as trustee of a revocable trust for a living donor.
- The Foundation will not serve as trustee of a charitable lead trust.
- The Foundation generally will not accept the trusteeship of a trust that could involve generation skipping transfer tax, unless the donor can provide sufficient assurance that any potential tax will be covered by the donor’s one-time exclusion amount or is otherwise adequately provided for. All costs associated with determining any generation-skipping tax or complying with the provisions of the generation-skipping tax rules will be charged to the trust or otherwise to the donor or those holding the “skip” interest, as appropriate.
- If the Foundation accepts a trusteeship or successor trusteeship, the Foundation may hire a third-party fiduciary, as well as other professionals as needed, to act as its agent. If the Foundation serves directly or hires a third-party fiduciary as its agent, the acting trustee may charge the trust a fee for its services and may pay the fees of any third-party fiduciaries or other professionals from the trust as needed.
- If a donor wishes to direct or restrict the investment of a charitable remainder trust's assets, the donor should be encouraged to serve as his or her own trustee or to secure the services of another trustee or administrator.
- With the Foundation's Finance Committee approval, the Foundation may agree to serve as an agent for asset management and trust administration purposes for a charitable remainder trust for which it is not the initial trustee. In certain cases, the Foundation may decide not to act as agent or accept responsibility for the management or disposition of real estate held by trusts yet will agree to serve as agent with respect to other, non-real estate, trust management and administration purposes.

If any of the criteria outlined above are not met, approval by the Foundation's Finance Committee is required.

Section 3. Funds Administration

A. Establishing New Foundation Funds

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

1. Involve contract deliverables, fees-for-services, proprietary research or drug protocols, or sales of merchandise;

2. Would jeopardize the Foundation's tax-exempt status.

A minimum commitment of $25,000 is required to establish an endowed fund. A new non-endowed fund should only be established for a unique purpose and should be expected to be used for a period of not less than two years. To reduce the number of Foundation funds to be administered, new gifts can often be placed in existing funds and still fulfill the intent of the donor or a specific need. It is recommended that a non-endowed fund be established only if there is reasonable belief that the fund will receive at least $1,000 in gifts and the fund's use is not limited to a single event.

B. Fund Requests

The following guidelines should be used for making deposits, requesting checks, report requests, and requesting copies of file materials. Forms for fund requests, reimbursement requests, scholarship requests, deposits, and gift-in-kind donations can be found on the UCA Foundation website.

1. All expenditures must comply with the guidelines set in the Memorandum of Understanding for each fund. If you need copies of this document or any file materials please contact the UCA Foundation.

2. All fund requests must include a completed funds request form signed by the fund director **and** the Dean/VP. Please include any supporting documentation. Any incomplete funds request forms will be returned unprocessed to the Fund Director for correction.

3. Fund requests may be sent via email to foundation@uca.edu, campus mail, or delivered to the UCA Foundation located in Buffalo Alumni Hall. For expedited processing, please have all completed requests submitted by noon on Tuesday.

4. For new EFT requests, please submit the Electronic Funds Transfer Authorization form with the funds request form.

5. For payment of invoices, please supply the original invoice billed to the UCA Foundation. Use/Sales tax will be added and charged to the fund for any invoice from an out-of-state vendor who did not charge sales tax.

6. When requesting reimbursements, please fill out the Reimbursement Request Form. List all receipts in date order and ***must have detail and cannot be credit card summary receipts.*** (Example: A summary receipt for a meal showing total only is not acceptable unless accompanied by the register receipt showing details.) ***For meals, please list the purpose of the meal and all guests on receipt.***

7. If any receipts are in foreign currency, please convert to US dollars and provide the conversion rate used. Also, please provide what was purchased if receipt is in a foreign language.

8. Moving expenses are considered taxable income and are paid through Human Resources. To use your Foundation funds to pay moving expenses, please submit a fund request payable to UCA. Your department will also need to cover the Employer portion of the FICA/SS/Medicare wages on these. For details, please contact the UCA Human Resources department.

9. When requesting payments for stipends, honorariums, professional fees, awards, etc. include a completed W-9 form. Faculty, staff and current students **cannot** be paid stipends, professional fees, or honorariums through the Foundation.

10. Only vendor specific gift cards may be purchased for use as door prizes/drawings only. **The purchase of Visa, MasterCard, or American Express gift cards is not allowed**. Gift cards **cannot** be used to pay for work or travel or as gifts.

11. When requesting payment of awards/scholarships, please include the student's name and ID number. All scholarships are paid directly to UCA and deposited into the student's UCA account. When requesting reimbursement/payment directly to a student, please indicate if this was for academic credit or not.

12. Requests for advance payment (prepay or quotes) of materials, travel, etc. will require you to submit an original itemized receipt once it is obtained. The funds request form should state the date that original receipts and unused money will be returned to the Foundation office.

13. All checks must be picked up in Buffalo Alumni Hall when ready. On the funds request form, ***please make sure to designate a department contact and email*** in order to be notified when checks are ready for pick up.

C. Deposits

1. All deposits ***must include a fully completed deposit form***. No goods/services/advertising/etc. can be received and fees of any kind are not

considered donations, are not tax deductible, and tax receipts will not be issued for this type of deposit. Sponsorships may be partially tax deductible (less benefits received), but you must provide this information with your deposit.

2. All deposits should be brought to the UCA Foundation office in Buffalo Alumni Hall. Deposits should not be left at the front desk and should be given directly to a Foundation employee or dropped into the Foundation Lock Box. The original deposit form will be returned to your office with written verification of the amount.

3. Credit card deposits must be submitted on a separate deposit form and not combined with check and cash deposits. Be sure to include complete credit card numbers, expiration date, CVV code, name on the card, and amount to be charged. Also, please separate American Express credit cards on a separate deposit form.

4. Any deposit that includes cash should be verified and initialed by a second person before depositing to the Foundation.

5. **All checks for deposit must be made payable to the UCA Foundation, Inc.** You can request that your donors include the designated fund name on the check payee line after the Foundation or on the memo line of the check. Any checks made payable to UCA or a specific department cannot be deposited into a Foundation account. If the payee is not UCA Foundation, you will need to do one of the following: 1) deposit the check to your UCA departmental account, 2) have the donor re-issue the check correctly, or 3) obtain a written statement from your donor stating the check was intended for the UCA Foundation.

6. Any checks that have been stamped on the endorsement line with a UCA and/or department stamp cannot be deposited into the UCA Foundation and will need to go to UCA for deposit.

D. Reports

1. All fund directors will receive contribution reports in months where gifts are received.

2. All fund directors will receive monthly project activity reports on the funds for which they are responsible.

3. All reports will be sent as soon as possible the following month.

4. All report requests and changes in designated fund directors should be made via email to the Executive Director of the Foundation.

E. Fund-Raising/Solicitation Guidelines

Under IRS laws, the UCA Foundation must send a tax receipt to all donors who make contributions. This law also states that a written disclosure statement must be given to donors who make a payment in excess of $75 that is described as a "quid pro quo" contribution. A "quid pro quo" contribution is one in which a portion is for goods or services (such as tickets or a meal) and a portion is for a contribution.

This written disclosure statement must:

1. Inform the donor of the amount which is tax deductible;
2. Provide the donor with a good-faith estimate of the value of the goods or services that they received;
3. Be furnished in connection with either the solicitation or the receipt of the contribution.

It will be up to you as fund directors to provide this information to potential donors when departmental solicitations are done which involve goods or services given to donors. You will also need to provide the Foundation office with a copy of the solicitation to retain in the fund file.

When a potential donor will be asked to contribute $1,000 or more, the request will need to be pre-approved by the President of the UCA Foundation. This will ensure that UCA is not making multiple requests from the same individuals and businesses.

Section 4. Forms

The following section contains all of the forms you will need to transact business with the Foundation. Each form should be self-explanatory, but more information on each form and its proper use can be found in the sections referenced below.