Valdosta State University Foundation, Inc.

Trustee Handbook

Updated March, 2011

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OVERVIEW

This trustee handbook is a compilation of the essential documents of the Valdosta State University Foundation, Inc. It is essential that trustees be cognizant of the policies and procedures in order to meet the fiduciary responsibilities to the Foundation and donors. While no one can know every facet of every policy, it is important to be aware of what policies are in place in order to be an effective trustee.

Members of the board of trustees are expected to have and display an abiding interest in the welfare of the organization and a strong desire to help widen its basic support. Trustees should become well informed about the organization's history, goals, accomplishments, current operations, and concerns so that they can act as knowledgeable advocates of the organization. Each trustee should take every appropriate opportunity to increase the public's awareness of the organization and to support the organization within the community.

It is hoped that this handbook will serve as a useful reference for each trustee, as the Board seeks the support necessary for Valdosta State University to become the great institution South Georgia needs and deserves. Please do not hesitate to call the VSU Foundation office if you have any questions concerning any item in the handbook.

Thank you for agreeing to serve on the VSUF Board of Trustees. Your support is crucial to the success of Valdosta State University and its mission to provide excellent higher education, conduct important research, and participate in community service for the South Georgia region.

Valdosta State University Foundation, Inc.

Board of Trustees

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TRUSTEESHIP

Role and Responsibility of Trustees

The Valdosta State University Foundation (VSUF) was founded in 1963 to assist the University in advancing academic excellence in the South Georgia area. It does so by attracting distinguished alumni and friends to lead the effort to raise private support to enhance the ever decreasing state funding. These private gifts are the key to giving the University the resources to be the premier regional institution of higher learning in the state.

In addition to attracting private funds to the University, the Board of Trustees provides responsible stewardship for these gifts and all Foundation assets. The board sets policy, oversees, the general fundraising, and stewardship of those funds. As stewards of private gifts, the trustees are expected to meet their **fiduciary** obligations by ensuring the Foundation has an appropriate financial management program in place including: qualified and competent staff, auditing firm and legal counsel. Each trustee is assigned to a committee that works with appropriate staff members in the general areas of development, finance, investment, real estate, trustee membership, management and policies.

As part of their trusteeship, all members of the board are asked to support the University by giving at least at the major gifts level, currently set at $1,000 annually. In addition to financial support, the trustees are asked to serve on a committee or committees and lend their particular expertise in those respective areas.

All trustees will be actively involved in the Foundation's fundraising programs. This will usually take the form of making calls on prospective individual, corporate and Foundation donors, or assisting staff in identifying and making contact with prospective donors.

In addition trustees are asked to give serious consideration to supporting endowment, facilities or other programs of special interest to them. Each trustee is asked to consider making gift provisions for the Foundation in his or her estate plan.

The Term "**fiduciary**" characterizes a variety of relationships in which one party acts for the benefit of another. Members of the Valdosta State University Foundation Board of Trustees are fiduciaries whose mission is to provide responsible stewardship for all Foundation gifts and assets.

MISSION, GOALS AND OBJECTIVES

MISSION STATEMENT

The Foundation exists to support the development of educational excellence at Valdosta State University. It does so by attracting and involving leaders from among the University's alumni and friends in this endeavor. The Foundation's primary efforts shall be directed toward attracting, receiving, investing, managing, and expending gifts and other resources designated for the educational programs of the University.

GOALS

1. Leadership

- To attract as trustees the most able alumni and friends of the University to become involved with the University in its quest for excellence.
- To earn the understanding and support of these alumni and friends by ensuring their awareness of the goals of the University and its programs.
- To take a leadership role in supporting the University by gaining the understanding and support of key constituencies in the region, state, and nation.
- To develop an effective partnership with the Alumni Association so that the University's two leading support groups are coordinated and cooperative in their efforts.

2. Fundraising

- To participate with the President of the University in the identification of the priority private funding objectives of the University.
- To provide the volunteer leadership necessary for the Foundation's annual giving, capital giving, and planned giving programs.

3. Stewardship

- To provide an attractive vehicle for donors to use to support the University.
- To maintain a relationship with the University which inspires the confidence of faculty, staff, students, and administration.
- To invest the endowments held in trust for the University to achieve returns among the best in the country for endowments of similar size.
- To invest the Foundation's resources in consultation with the University to take advantage of unusual opportunities to advance the University when these opportunities would not otherwise be available to the University.
- To manage the Foundation effectively and efficiently to:
    - Assure donors that their gifts are used as designated.

- Provide the majority of support for the University's Development Program and Alumni Association, and to ensure that fund raising costs are reasonable.

OBJECTIVES

Executive Committee

- Review mission and goals and recommend objectives.
- Maintain the arm's length strategic agreement with the University.
- Recommend revised bylaws and articles of incorporation.
- Functioning as the strategic planning committee, develop a plan for consideration by the Board of Trustees.

Trusteeship Committee

- Review the performance of all trustees and consult with those who do not appear to be meeting their responsibilities.
- Recommend officers and trustees with a conscious effort to increase the representation of all of South Georgia.
- Identify 20 top prospects as future trustees and begin cultivation.
- Conduct an orientation for new trustees.

Development Committee

- Review, approve, and evaluate the effectiveness of goals and action plans to achieve them for annual giving, capital giving, planned giving, and special giving.
- Review, approve, and evaluate the effectiveness of gals and plans for deferred giving.

Finance and Administration Committee

- Recommend an operating budget and unrestricted grants.
- Recommend a comprehensive financial management policy.
- Review the audited financial statements.
- Engage an audit firm.
- Ensure that the financial statements produced from the automated general ledger system are satisfactory to the trustees and monitor them on a quarterly basis.
- Ensure the completion of the transfer of the majority of expenditures of restricted gifts to the University.
- Adopt an appropriate cash management program for current funds.
- Monitor the progress of all Foundation investments on a quarterly basis and meet with the Foundation's endowment manager during the third quarter to review performance.
- Appoint a CPA Treasurer

- Review the Foundation's insurance program.
- Review the Foundation's stewardship program.

A Donor Bill of Rights

PHILANTHROPY is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

I.
To be informed of the organization's mission, of the way the organization intends to use donated resources, and of it is capacity to use donations effectively for their intended purposes.

II.
To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.

III.
To have access to the organization's most recent financial statements.

IV.
To be assured their gifts will be used for the purposes for which they were given.

V.
To receive appropriate acknowledgement and recognition

VI.
To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.

VII.
To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.

VIII.
To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.

IX.
To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.

X.
To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

D E V E L O P E D B Y

AMERICAN ASSOCIATION OF FUND RAISING COUNSEL (AAFRC)

ASSOCIATION FOR HEALTHCARE PHILANTHROPY (AHP)

COUNCIL FOR ADVANCEMENT AND SUPPORT OF EDUCATION (CASE)

NATIONAL SOCIETY OF FUND RAISING EXECUTIVES (NSFRE)

E N D O R S E D B Y
(IN FORMATION)

INDEPENDENT SECTOR

NATIONAL CATHOLIC DEVELOPMENT CONFERENCE (NCDC)

NATIONAL COMMITTEE ON PLANNED GIVING (NCPG)

NATIONAL COUNCIL FOR RESOURCE DEVELOPMENT (NCRD)

UNITED WAY OF AMERICA

Valdosta State University Foundation, Inc.

General Matters

Articles of Incorporation
Bylaws

ARTICLES OF INCORPORATION

ARTICLE I – NAME
The name of the corporation is THE VALDOSTA STATE UNIVERSITY FOUNDATION, Inc.

ARTICLE II – AUTHORITY
The Foundation is organized pursuant to the provisions of the Georgia Nonprofit Corporation Code.

ARTICLE III – DURATION
The Foundation shall have perpetual duration.

ARTICLE IV – PURPOSES
The Corporation is organized to support educational excellence at Valdosta State University. The objectives and purposes of the Foundation are to acquire and administer funds and property which, after the payment of necessary expenses, shall be devoted exclusively to charitable, scientific, literary or educational purposes.

ARTICLE V – BOARD OF TRUSTEES
The affairs of the Foundation shall be managed by a Board of Trustees. The method of selecting the members of the Board of Trustees shall be determined by the bylaws of the Foundation.

ARTICLE VI – DEFINITIONS, LIMITATIONS, AND REGULATIONS OF CORPORATE POWERS
The Foundation is not organized and shall not be operated for pecuniary gain or profit. No part of the property of the Foundation and no part of its net earnings shall inure to the benefit of or be distributable to any trustee or private individual. The Foundation shall never be authorized to engage in a regular business of a kind ordinarily carried on for profit or in any other activity, except in furtherance of the purposes stated above for which the Foundation is organized.

No substantial part of the activities of the Foundation shall consist of attempting to influence legislation, by propaganda or otherwise. The Foundation shall not participate or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.

ARTICLE VII – DISSOLUTION
In the event of the dissolution of the Foundation, to the extent allowed under applicable law, after all lawful debts and liabilities of the Foundation have been paid, all the assets of the Foundation shall be distributed to, or its assets shall be sold and the proceeds distributed to, the Board of Regents of the University System of Georgia for the benefit of Valdosta State University, provided that it shall, at that time, qualify as exempt from taxation under the provisions of Sections 170(c) or Section 510(a) of the Internal Revenue Code of 1986, as an organization described in Section 501(c)(3) of the Internal Revenue Code, or the corresponding provisions of any subsequent law.

In the event that the Board of Regents of the University System of Georgia does not at that time so qualify, the Board of Trustees shall distribute the assets of the Foundation, as described above, to one or more organizations which are exempt from taxation, as described above, and whose purposes are similar to that of the Foundation.

In the event that, upon the dissolution of the Foundation, the Board of Trustees shall fail to act in the manner herein provided within a reasonable time, a court of competent jurisdiction in Lowndes County shall make such distribution, as herein provided, upon the application of one or more persons having a real interest in the Foundation or its assets.

Amended March 12 & June 4, 1993

BYLAWS

ARTICLE I

MISSION

It is the mission of the Valdosta State University Foundation, Inc. to support Valdosta State University in its mission to provide excellent higher education to its constituencies. It does so by attracting and involving leaders from among the University's alumni and friends in this endeavor. The Foundation's primary efforts are to be directed toward attracting, receiving, investing, managing and expending gifts and other resources designated for the educational programs, research projects and community service efforts of the University as identified in the strategic planning process.

ARTICLE II

BOARD OF TRUSTEES

Membership

The Board of Trustees of the Foundation will consist of not more than 40 nor less than 12 elected members and not more than six (6) ex-officio, non-voting members including the following:

- President of Valdosta State University
- President of the Valdosta State University Alumni Association
- Chairman of the Board of Governors of the Blazer Athletic Boosters
- Executive Secretary of the Faculty Senate
- Counsel for the Foundation
- Chief Executive Officer (CEO) of the Foundation

With the exception of the President of Valdosta State University, the Chief Executive Officer of the Foundation and the Executive Secretary of the Faculty Senate, no employee of the University will serve as a member of the Board of Trustees.

Trustees will not receive compensation for their service to the Foundation.

Because the Foundation's mission is to develop and encourage private financial support to the University, elected trustees will be annual donors to the Foundation at the major gift level of at least $1,000 each year or will be working toward that level of giving. Significant gifts in their estate plans are also encouraged.

Honorary Trustees

Honorary trusteeships may be awarded from time to time, by a majority vote of the Board of Trustees, to those individuals who have been long time supporters of Valdosta State University, or in recognition of expertise and counsel they have given in support of specific goals and objectives of the Foundation. They will be invited to the regular meetings of the Board and any other meetings as deemed by the Chair. Honorary trustees have no vote and are not included in the number of elected trustees as set out in these bylaws.

Terms

Members of the Board of Trustees will be elected to three (3) year terms by a majority vote of those present at the annual meeting of the Board. The memberships will be staggered so that approximately one-third (1/3) of the membership is elected each year. Ex-officio members will serve as long as they are serving in the offices designated herein. No limitation is placed on the number of continuous terms a trustee may serve.

Any vacancy occurring in the elected members of the Board of Trustees will be filled upon nomination by the Membership Committee and a vote by the majority of the remaining trustees. If the vacancy causes the number of elected trustees to fall below the minimum number of twelve (12), a special meeting of the board will be called to fill that vacancy. A trustee elected to fill a vacancy will serve for the remaining term of the vacated trusteeship.

Resignation and removal

A trustee may resign at any time by giving written notice to do so. Such notice should be delivered to the Chair or Chief Executive Officer and can be mailed to the Foundation offices. Such resignations will be effective at the time specified in the notice.

An elected trustee may be removed from the Board by a majority vote of the Board of Trustees. Any trustee who is absent from three (3) consecutive meetings of the Board of Trustees without being excused by the Board Chair is subject to removal.

Meetings

The Foundation Board of Trustees will meet at least four (4) times each year with the annual meeting to be in the fall and, where possible, to coincide with the University's homecoming activities. Special meetings of the Board will be held as necessary and can be called by the Chair or any eight (8) trustees at such time and place as stated in the notice to the Board members. Written notice of each meeting of the Board of Trustees will be sent to every Trustee at least seven (7) calendar days prior to the meeting.

Powers

The Board of Trustees will have charge of the business affairs of the Foundation. The Board has the authority to prescribe and enforce all policies and procedures needed for the conduct of the business of the Foundation and has management and control of its property.

The Board of Trustees will exercise the powers expressly given to them by the Articles of Incorporation and these bylaws together with powers that will enable them to do all such lawful acts as are necessary for the welfare of the Foundation.

ARTICLE III

OFFICERS AND DUTIES

The Officers of the Foundation will be the Chair, Chair-Elect, Vice Chair, Secretary-Treasurer, and the Chief Executive Officer (CEO) who will also be the Vice President for University Advancement for the University.

These officers will be elected by the Board of Trustees for a term of two years at the annual meeting of the Board of Trustees. These officers will not serve more that two consecutive terms in any one office, excluding the Chief Executive Officer who is also professional staff. Officers of the Board of Trustees may be removed from office for cause by a majority vote of the Board. Vacancies occurring in any office between elections will be filled for the unexpired term by a majority vote of the Board of Trustees.

Chair: The Chair will preside at all meetings of the Foundation and its Board of Trustees, Chair the Executive Committee, and perform all other duties incumbent upon the office and as may be required by the Board of Trustees.

Chair-Elect: The Chair-Elect will serve as Chair of the Finance Committee and will perform other duties as assigned by the Board of Trustees. The Chair-Elect will preside in the absence of the Chair. In the case of a vacancy in the office of the Chair, the Chair-Elect will serve in that capacity until a successor Chair is elected by the Board of Trustees.

Vice Chair: The Vice Chair will chair the Investment Committee and will serve on the Executive Committee. In the event that both the Chair and Chair-Elect are unable to attend a meeting the Vice Chair will preside.

Secretary: The Secretary-Treasurer will have custody of the seal of the corporation and affix such to all instruments requiring the seal and assure that the official proceedings of each meeting are recorded and disseminated at least 30 days prior to the next meeting. With the support of the Foundation staff, this officer will also assure that full, complete and accurate fiscal records of the Foundation are maintained and made available to the Board of Trustees upon request.

Chief Executive Officer: The Chief Executive Officer will have administrative responsibility of day to day operations of the Foundation office. The CEO will receive and have custody of all funds and securities of the Foundation, pay expenses incurred by the operation of the Foundation and disburse funds as directed by the Board of Trustees or Executive Committee.

Other responsibilities of the Chief Executive Officer are as follows:

- The CEO is responsible for the maintenance of books and accounts showing all receipts and disbursements of the Foundation. The books and accounts are to be open at all times to the Foundation Chair and the Chair of the Finance Committee.
- The CEO will submit to the Board of Trustees detailed statements of receipts and disbursements at each regularly scheduled Board meeting and also submit detailed statements of receipts and disbursements to the Foundation Chair and Chair of the Finance Committee each month indicating the financial condition of the Foundation.
- The CEO will be insured or bonded in such dollar amount as to give adequate security for the faithful performance of the financial duties of the office and will require the same for any financial assistant.
- The CEO will conduct the affairs of the Foundation office in a manner consistent with the established aims and goals.
- The CEO is responsible for coordinating all fundraising activities of the Foundation.
- The CEO will perform all such other duties as may be assigned by the Board of Trustees or the Chair.

The officers of the Valdosta State University Foundation will have the authority to negotiate agreements with donors in the acquisition and administration of funds contributed to the Foundation subject to the approval of the Executive Committee.

ARTICLE IV

COMMITTEES

Appointment and Authority: Except as otherwise provided, the Chair of the Board of Trustees will appoint the members and chair of each of the standing committees. The Chair will also appoint the members of any special purpose committees established by board resolution. Each committee will consist of three or more elected trustees and may include employees and members of the public who are not trustees. All committee appointments will be ratified by the Board of Trustees. The authority for each committee is set forth in these bylaws or in the resolution establishing it, subject to the limitations imposed by law.

All committee appointments will be made no later than the first quarterly meeting of the Board of Trustees after the annual meeting each year. The Chair of the Board of Trustees and the CEO will serve as ex-officio/non-voting members of each committee. University Advancement staff may be appointed to committees from time to time as non-voting/ex-officio members upon the recommendation of the committee chair and with the concurrence of the Board Chair.

Meetings: Regular meetings of the committees may be held at such times and places and with such notice as each committee designates. Committee meetings may be conducted via the use of interactive technology employed simultaneously at multiple sites. The exception to this provision is the Executive Committee that will meet at least quarterly within the 30-day period preceding each quarterly meeting of the Board of Trustees.

Voting: A majority of the members of the committee will constitute a quorum, and the action of a majority of the members present at a meeting at which a quorum is present will be the action of the committee.

<u>Standing Committees</u>

Executive Committee: the Executive Committee of the Board of Trustees will consist of the officers of the board and at least one at-large member, who will be appointed annually by the Chair of the Board. The President of the University will serve as an ex-officio/non-voting member. The Executive Committee will have and exercise the powers of the Board of Trustees between meetings of the Board. Additionally, this committee will exercise such other powers as the Board of Trustees delegates to it and, under unforeseen circumstances requiring prompt action, exercise other powers subject to the subsequent approval of the Board of Trustees. The Executive Committee will be responsible for the approval, implementation and evaluation of all fundraising programs subject to procedures established by the Board. The Committee also has general supervision of all questions affecting the policy, property and function of the Foundation, including the authority to direct the purchase, trade, lease, or sale of real and personal property on behalf of the Foundation, within such limits and conditions that may be set by the Board.

Finance & Administration Committee: The Finance & Administration Committee will recommend an annual operating budget for the Foundation, policies to provide for operating and reserve funds for the Foundation, and spending policies for the Foundation including management fees. It will review the Foundation's financial statements at least quarterly and appoint an independent auditor for the Foundation's annual audit of financial records and statement and review and approve the audited financial statement. The Finance Committee will ensure through its oversight that the Foundation's financial management is in good order.

Investment Committee: This committee will be responsible for managing the investment of the assets of the Foundation in keeping with the Investment Policy approved by the Board of Trustees. This Committee will establish and recommend an Investment Policy to be approved by the Board of Trustees and review such policy from time to time and recommend revisions when needed. The Investment Committee will recommend employment of external investment managers with discretionary investment powers, when appropriate.

Real Estate Committee: The Real Estate Committee will have the responsibility of reviewing all purchases of real properties made by the Foundation and for reviewing all proposed outright gifts or bargain sales of such properties to the Foundation. This committee will ensure that qualified appraisers are employed to establish fair market value for the proposed purchases or gifts and that there are no environmental or other problems with the properties.

This Committee will also oversee the management of real properties owned by the Foundation insuring that rents and leases are in keeping with the local market trends in order to maximize income from these assets for the benefit of the Foundation. This committee, through its oversight and in conjunction with the Finance Committee, will also assure proper accounting for such gifts and purchases in the accounting records of the Foundation.

Development Committee: The Development Committee will ensure that the Foundation has an effective program to generate and develop private support for the University in the areas of annual giving, planned giving, major and corporate gifts. Members of the Development Committee will provide leadership for resource development for the Foundation in its fundraising programs. This committee will serve as the Board's advisory/review committee for gift-in-kind contributions, and other such gifts or proposed gifts as the Executive Committee may designate. The Committee Chair, in concurrence with the Board Chair, may appoint one or more subcommittees in areas for which the Development Committee has leadership responsibility. These subcommittees may include fundraising for the arts, athletics, academics and other areas as may be deemed necessary or beneficial to the Foundation's fundraising and advancement efforts.

Trusteeship Committee: This Committee will have the responsibility to continually assess Board organization, operation, membership and attendance to safeguard the effectiveness of the Board. The Trusteeship Committee will develop a list of individuals best able to serve the Foundation as trustees giving consideration to background and qualifications of the individuals and their willingness to serve and support the Foundation. Good faith efforts will be made to achieve geographic diversity within the Board's membership. The Committee will review the performance of incumbent trustees who are eligible for re-election before nominating them to serve another term. In concert with the Board Chair and the CEO, the Trusteeship Committee will develop and help administer programs of orientation for new trustees and encourage periodic programs of in-service training for the Board of Trustees.

At least thirty (30) days before the annual meeting of the Board of Trustees, the Trusteeship Committee will prepare a slate of officers from the membership of the Board, and nominate individuals to fill expiring and vacated terms of trustees to be presented to the Executive committee for their review. These nominations will be distributed to the members of the Board of Trustees at least 15 days before the annual meeting.

Bylaws Committee: This Committee will be responsible for reviewing, at least annually, the bylaws and Articles of Incorporation of the Foundation and recommend any changes to the Board of Trustees.

Other Committees: Other committees may be appointed from time to time by the Chair or the Board of Trustees to address issues not appropriately included in the duties of the other committees.

ARTICLE V

CONFLICTS OF INTEREST

A conflict of interest occurs when a member of the Board of Trustees has existing or potential financial or other interests in a matter before the Board that may reasonably appear to impair that member's independent, unbiased judgment in the member's responsibility to the Foundation; or the person is aware that an immediate family member or any organization of which the member is an officer, director, employee, member, partner, trustee or controlling stockholder has existing or potential financial or other interest in the matter before the Foundation Board.

This policy will apply to all members of the Board of Trustees and Foundation officers, agents and employees of the Foundation, including independent contractor providers of services and materials. The Foundation's management will have the obligation to publicize periodically this policy to all such parties. An annual disclosure statement will be circulated to all persons to whom this policy applies to assist them in considering such disclosures; however, disclosure is appropriate whenever conflicts arise.

Conflicts of interest will be disclosed by any of the persons included in this policy when they discover, or have brought to their attention, all actual or perceived conflicts in connection with the Foundation's activities. Such disclosure will be a written description of the facts comprising the conflict. All such disclosure notices will be noted for record in the minutes of a meeting of the Board of Trustees.

When a trustee, officer, agent or employee believes that he/she or an immediate family member may have an actual or perceived conflict, he/she should abstain from making motions, voting, executing agreements, or taking any other similar direct action on behalf of the Foundation. That person will not be precluded from discussion or other similar involvement on behalf of the Foundation, unless the Chair rules otherwise. The Board of Trustees may establish further guidelines consistent with the interest of the Foundation for the resolution of conflicts of interest.

ARTICLE VI

INDEMNIFICATION

The Foundation will indemnify, to the fullest extent permitted by the Georgia Nonprofit Corporation Code and, if applicable, Section 4941 of the United States Internal Revenue Code of 1986 as amended, any individual made a party to a proceeding because such individual is or was a trustee of the Foundation against liability incurred in the proceeding if such trustee acted in good faith for the benefit or protection of the best interests of the Foundation and, in the case of criminal proceedings, the trustee had no reasonable cause to believe his/her conduct to be unlawful. For purposes of this paragraph, the terms "party", "proceeding", and "liability" has the meanings given to them in the provisions of the Georgia Nonprofit Corporation Code that governs the indemnification of directors. The term "trustee" will have the meaning given to the term "director" in such provisions of the Code.

ARTICLE VII

AMENDMENTS

The Bylaws Committee will make recommendations for any changes in these bylaws to the Executive Committee for review and approval. Upon approval by the Executive Committee, copies of the proposed changes will be mailed to all Board members at least thirty (30) days prior to the Board meeting. The bylaws may be amended by a two-thirds (2/3) majority of the voting members present during the meeting designated to consider such changes.

(Restated as of November 6, 2002)

Valdosta State University Foundation, Inc.

Policies

Gift Acceptance Policy
Real Estate Acquisition and Disposition Policy
Investment Policies and Guidelines
Spending Policy
Guidelines for Discretionary Foundation Funds

GIFT ACCEPTANCE POLICY

PURPOSE

This policy serves as a guideline to the Valdosta State University Foundation, Inc. staff involved with accepting gifts, to outside advisors who assist in the gift planning process, and to prospective donors who wish to make gifts to the Foundation. This policy is intended as a guide and allows for some flexibility on a case-by-case basis.

Gifts accepted by the Valdosta State University Foundation, Inc. are to benefit the University in furthering its mission of excellence in higher education. It is not appropriate for the VSU Foundation to collect gifts for other non-profit organizations or act as a pass-through for other groups not directly involved with the University's stated purpose.

Cash

1. All gifts by check will be accepted by the VSU Foundation, Inc. regardless of amount.

2. Checks should be made payable to the VSU Foundation, Inc. or to a particular program or project at Valdosta State University. In no event should a check be made payable to an individual who represents Valdosta State University or Valdosta State University Foundation.

Pledges

Pledges may be payable in single or multiple installments. Multi-year pledges should not exceed 3 years and should be at least $1,000. Donors should complete a pledge form or confirm the pledge in writing. The faculty/staff annual fund campaign donations through payroll deduction are not subject to this requirement.

Publicly Traded Securities

1. Readily marketable securities, such as those traded on a stock exchange, can be accepted by the VSU Foundation, Inc. as gifts.

2. Gifts of securities in most cases will be sold immediately by the VSU Foundation, Inc.

3. For the purpose of VSU Foundation's gift crediting and accounting purposes, the value of the security is the average of the high and low on the date of the gift.

Closely Held Securities

1. Non-publicly traded securities may be accepted after consultation with the Development and Finance & Administration Committees and the Foundation's legal counsel.

2. Prior to acceptance, the Foundation will explore methods of liquidation for the securities through redemption or sale. A representative of the Foundation will contact the closely held corporation to determine:

- And estimate of fair market value
- Any restrictions on transfer of the securities

3. No commitment for repurchase of closely held securities will be made prior to the completion of the gift or securities.

Real Estate

1. Gifts of real estate must be reviewed by the Real Estate Committee of the Foundation's board of trustees before acceptance.

2. The donor is responsible obtaining an appraisal of the property. The cost of the appraisal is usually borne by the donor.

3. Prior to presentation to the Real Estate Committee, a member of the staff must conduct a visual inspection of the property. If the property is located in a geographically remote area, a local real estate broker can conduct the visual inspection for the Foundation staff.

4. Due to the expenses associated with gifts of real estate, only gifts with a value of $10,000 or more will be accepted.

5. Prior to presentation to the Real Estate Committee, the donor should provide the following documents:

- Copy of the real estate deed
- Real estate tax bill
- Plat/site plan
- Substantiation of the zoning status
- Statement of condition of improvements
- Environmental hazards or conditions statement

6. Depending on the value and desirability of the gift, the donor's connection with VSU, and the donor's past gift record the donor may be asked to pay for all or a portion of the following:

- Maintenance costs
- Real estate taxes
- Insurance
- Real estate broker's commission and other costs of sale
- Appraisal costs

7. For the VSU Foundation, Inc.'s gift crediting and accounting purposes, the value of the gift is the appraised value of the real estate. This must be done by a certified appraiser who adheres to the Standards of Professional Practice of the Appraisal Institute. (Note: The Foundation can choose to exclude from the value of the gift, costs for maintenance, insurance, real estate taxes, broker's commission, and other expenses of the sale.)

8. Bargain sales of debt encumbered real estate will require two separate and timely appraisals of the property as well as a written agreement between the donor and the Foundation. This agreement should include full disclosure of the loan amount and the estimated equity in the subject property. Debt to value ratio should be no greater than 50%. Full disclosure of the condition of the property is also required. This includes environmental and structural problems with the structures or land.

Life Insurance

1. The VSU Foundation will accept life insurance policies as gifts. However, in order for these gifts to be tax deductible for the donor, the Foundation must be named the beneficiary and owner of the policy. It these cases, the VSU Foundation should be the beneficiary of 100% of the proceeds from the policy.

2. If the policy is paid-up, the value of the gift for the Foundation's gift crediting and accounting purposes is the policy's replacement cost.

3. If the policy is partially paid-up, the value of the gift for the Foundation's gift crediting and accounting purposes is the policy's cash surrender value. (Note: For IRS purposes, the donor's charitable income tax deduction is equal to the interpolated terminal reserve, which is an amount slightly in excess of the cash surrender value.)

Tangible Property

1. Gifts of tangible personal property to the VSU Foundation, Inc. should have a use related to the Foundation's exempt purpose and be of benefit to Valdosta State University and its stated mission.

2. Gifts of jewelry, artwork, collections, equipment, and software will be accepted upon approval by the Development Committee.

3. Gifts of tangible personal property defined above will be used by or sold for the benefit of the Foundation and/or the University.

4. No property which requires special display facilities or security measures will be accepted by the Foundation without consultation with the Development Committee and the University administration.

5. Depending on the anticipated value of a gift, the Foundation may have a qualified appraiser value it before accepting it.

6. The VSU Foundation, Inc. adheres to all Internal Revenue Service requirements related to disposing of gifts of tangible personal property and filing appropriate forms.

Planned Gifts

The VSU Foundation offers the following planned gift options:

1. Charitable gift annuities
2. Pooled income funds
3. Charitable remainder trusts
4. Bequests
5. Charitable lead trusts
6. Retained life estates

Charitable Gift Annuities

- The minimum gift accepted to establish a charitable gift annuity is $10,000.
- There can be no more than two(2) beneficiaries of the annuity
- No income beneficiary of a charitable gift annuity should be less than 50 years old.
- Administrative fees are paid from income earned on the gift annuity
- The VSU Foundation follows the American Council on Gift Annuities suggested rates.

Pooled Income Funds

- The minimum initial gift accepted in the pooled income fund is $5,000. Additional gifts may be made in amounts of $1,000 or more.
- The pooled income fund is available for individual donors.
- No income beneficiary in the fund should be less than 45 years old.
- Administrative fees are paid from the income earned on the fund.

Charitable Remainder Trusts

- Due to the cost of drafting and administration, the minimum gift amount to establish a charitable remainder trust is $100,000.
- The payout rate of a charitable remainder trust will be determined in consultation with the donor. By law the payout rate cannot be lower than 5%. This rate is negotiable and will be based on the number of beneficiaries, their ages, and the amount of the assets in the trust.
- Investment of a charitable remainder trust will be determined by the fiduciary hired to manage the trust. No representations will be made by any employee or other person acting on behalf of the VSU Foundation as to the management or investment of the trust assets.
- Management fees for the administration of a charitable remainder trust when the Foundation is named as trustee or co-trustee will be paid from the income of the trust.

Bequests

- Assets transferred through bequests that have immediate value to the VSU Foundation or the University, or can be liquidated will be encouraged by the development staff. Gifts that appear to require more cost than benefit will be discouraged or rejected.
- Donors who have indicated that they have made a bequest to the VSU Foundation may, depending on the individual situation, be asked to disclose in writing or by copy of the paragraph in the will relevant to the Foundation or University as evidence of their gift. This information is used for internal purposes and is not binding on the donor.

Retained Life Estates

- Gifts of real property with retained life estates are acceptable gifts. The donor will be responsible for expenses related to the property during the life estate.

Endowed Funds

To establish named endowment funds with the VSU Foundation for the benefit of the University, the following minimum levels as recommended by the Board of Regents of the University System of Georgia, must be achieved:

- Distinguished University Chair $2,000,000
- Distinguished Chair 1,000,000
- Chair 500,000
- Distinguished Professorship 400,000
- Professorship 200,000
- Distinguished Scholar 100,000
- Fellowship 50,000
- Lecture or seminar series 50,000

Endowed Scholarships or other named endowed funds

Endowed scholarships or other named endowed funds may be established with a minimum gift of $25,000. The $25,000 minimum gift amount must be met within 3 years of the initial gift. If the minimum gift amount is not met within three years the proceeds in the fund must be disposed of in accordance with the terms of the original gift agreement.

To fund an endowment:

- For an outright gift, the fair market value of the asset given must meet the minimum endowed level.

- For a planned gift, the fair market value of the gift at the time it is realized by the Foundation must meet the minimum endowed level.
- Endowment donors will receive an annual report detailing the investment performance and use of the fund proceeds.

Commemorative Gifts

- Named facilities – a building, room, space or an area on campus can be named to recognize a substantial gift. This will be done only with the approval of the President of the University and consistent with the policies of the Board of Regents of the University System of Georgia.
- Named programs – a college, school, department, center or institute can be named to recognize a substantial gift only with the approval of the University President and consistent with the policies of the Board of Regents of the University System of Georgia.

ADMINISTRATIVE ISSUES

- The Valdosta State University Foundation, Inc. will not act as executor or personal representative for a donor's estate.
- The VSU Foundation may act as co-trustee of a charitable trust when the Foundation is beneficiary of 50% or more of the trust assets.
- The VSU Foundation will pay for drafting of legal documents for a charitable trust when the Foundation is named as beneficiary of 50% or more of the trust. The donor's counsel must review the documents at the donor's cost.

Adopted by the Board of Trustees on March 23, 2001 - Revised April 25, 2003

REAL ESTATE ACQUISITION AND DISPOSITION POLICY

(Also see Gift Acceptance Policy)

PURPOSE

This policy will serve to guide the trustees of the Valdosta State University Foundation, Inc., in making prudent decisions regarding real property owned by the Foundation. It is not the intention of the Foundation trustees to be real estate investors, except when the acquisition and disposal of real property benefits Valdosta State University in its mission to serve the South Georgia region. While gifts of real estate can be valuable, without due diligence and careful management, they can also be problematic and costly. (See Gift Acceptance Policy for guidelines for accepting real estate gifts). *Real Estate acquisitions by the Foundation should be in keeping with the university's overall physical plan for the campuses.*

Gifts

Outright gifts of real estate will be sold within a reasonable time after the gift is made unless it fits into the University's master plan, short term or long-range goals. When leased properties are given to the Foundation, tenants should be encouraged to remain until disposition of the property is accomplished. This will provide an income stream to help defray the costs of maintenance and other expenses associated with the property. *Proposed real estate gifts with conditions and restrictions should be carefully reviewed and declined if those conditions and restrictions have the potential to jeopardize the integrity and/or the financial well being of the Foundation. Favorable public perception of how the Foundation and University conduct business is vitally important to the future of the institution.*

Debt Encumbered

(Also see Item 8, Gift Acceptance Policy)

It is the intent of the VSU Foundation not to accept real estate gifts that carry debt; however, under specific circumstances that benefit the approved master plan and the mission of the University, the trustees may approve the real estate transaction.

Proposed *real estate gifts that are encumbered by debt must* be accompanied by a written agreement between the donor/seller and the Foundation outlining at least the following:

- State the debt balance as of the date of the agreement
- Acknowledge any other encumbrances such as liens, unpaid taxes, deed restriction, etc
- State full disclosure of any problems, costs or other deficiencies of the property whether environmental, physical, legal, or other

*Total debt cannot exceed 50% of the fair market value of the property***.** This value will be determined by an appraisal done by a qualified, competent, ethical appraiser. The Foundation should not rely on the appraisal obtained by the donor/seller for tax purposes.

Competitive market analyses and "windshield" estimates of value are **NOT** acceptable for Foundation purposes.

Selling

Foundation property made available for sale should be listed with a qualified real estate broker who is active in the appropriate segment of the market---commercial, residential, farms, etc. All agreements with the broker should be outlined in the Listing Agreement included commissions, terms of the listing, multiple listing service exposure, and other issues surrounding the transaction. *Under no circumstances should there be verbal or otherwise unrevealed agreements not shared with all parties involved.*

In the spirit of fairness and goodwill, it is the policy of the Foundation to use various brokers for properties that are listed for sale. Care should be taken to **NOT** favor or appear to favor real estate brokers who are also Foundation trustees.

In order to assure that the best price is obtained, the property should be listed for sale and exposed to the open market before offers are accepted.

Purchasing

The Foundation, in service to the University, will sometimes purchase real estate for expansion of the campuses. When considering properties to be purchased, attention should be focused on the University's master plan for the campuses; and the projected directions of growth. In acquiring needed properties, gifts and bargain sales of the needed parcels should be considered and encouraged.

Prior to purchasing properties, the Foundation trustees will require the following:

- An appraisal to establish fair market value by a certified, competent and ethical real estate appraiser. (NOTE: It is not appropriate to accept appraisals obtained by the seller or competitive market analyses and "windshield" estimates of value).
- A Phase I environmental site assessment conducted by a professional and qualified firm or individual. If further testing and investigation is indicated, those tests will be conducted **PRIOR** to the purchase.
- Full disclosure in writing from the seller of any and all problems or issues that involve the property whether physical, financial, environmental, legal or other.

In purchasing real property on behalf of the University, the Foundation trustees should be mindful that the properties will eventually be deeded to the Board of Regents for the benefit of the University and must meet all standards for university system real properties as outlined in the updated policies of the BOR of the University System of Georgia.

Adopted July 25, 2003

INVESTMENT POLICIES AND GUIDELINES

INTRODUCTION AND OVERVIEW

ARTICLE IV of the bylaws of the Foundation empowers the Investment Committee to establish and recommend an Investment Policy to be approved by the Board of Trustees and to review such policy from time to time and recommend revisions when needed.

Accepting this responsibility, the Investment Committee has adopted and recommends to the Board the following Investment Policy and investment management guidelines. The guidelines apply to all funds invested by the Foundation. Within these guidelines, management flexibility is exercised by the Investment Committee as authorized by the bylaws of the Valdosta State University Foundation, Inc.

The Investment Committee is charged with the responsibility of investing the assets of the Foundation as a prudent investor would, given the distribution requirements, purposes, and circumstances of the Foundation and its responsibility to Valdosta State University.

This standard requires the exercise of reasonable care, skill, and caution, and is to be applied to investments not in isolation but in the context of the Foundation investment portfolio as a whole, and as part of an overall investment strategy which incorporates risk and return objectives reasonably suitable to the Foundation's mission.

In making and implementing investment decisions, the Board of Trustees and the Investment Committee of the Foundation have a duty to:

- Diversify the investments of the Foundation in order to reduce risk.
- Act with prudence in deciding whether and how to delegate authority and in the selection and supervision of agents; and
- Incur only the costs that are reasonable in amount and appropriate given the responsibilities of the agents.

PURPOSE

In order to execute the foregoing duties, the Trustees of the Foundation have established this document. This document will:

- Establish the investment objectives of the Foundation and determine the policies and guidelines that will provide long term stability and continuity to the management of the Foundation's assets.

- Establish a clear understanding by all involved parties as to their respective duties and responsibilities regarding the ongoing management of the Foundation's assets.

INVESTMENT OBJECTIVES

The investment goal is to preserve the purchasing power of the Foundation's assets over the years while providing sustainable resources for the programs and activities of the University that are supported by the Foundation.

Foundation funds should be invested to produce maximum total return consistent with prudent risk limits. Total return includes interest, dividends, realized and unrealized, capital appreciation less all management costs.

Through its investment policies and guidelines, the Foundation will seek to achieve the following:

- A long term return on investments to exceed the rate of inflation (as defined by the CPI) plus the percentage figure calculated in the spending policy.
- A long term return on investments, net of expenses, that is equal to or exceeds investment benchmarks which assume the same level of risk as the Foundation.
- Maintenance of sufficient liquidity to fund current programs and projects anticipated in the short term.

INVESTMENT POLICIES

Asset Allocation

It is crucial to link the asset allocation policy to the Foundation's investment objectives. The allocation of the portfolio over various asset classes is the single most important determinant of investment risk and return. Historically, returns have been greater in equities than in bonds or cash. Since the Foundation has a long term investment horizon, a significant portion of the investments should be in equities. Because market values and market conditions are constantly changing, an asset allocation policy should be expressed in ranges instead of a single percentage target. For these reasons, a policy targeting a range of 40% to 80% in equities will be used as a guide.

While equities provide greater long term returns over most time periods, there is always the possibility of experiencing a prolonged or precipitous decline in equity prices. To mitigate against such loss and to provide more predictable and dependable cash flow, the Foundation should also invest in bonds. A target range of 20% to 60% in bonds will be used as a guide.

Movement within the approved ranges may be directed by the Investment Committee to respond to changing market conditions, but the Committee should refrain from making frequent tactical changes. Use of an asset manager by the Committee to make tactical shifts in response to changing market conditions will be permitted.

Recap of Asset Allocation

	Target Range	Initial Target
Equities	40% to 80%	60%
Bonds	20% to 60%	40%

Portfolio Rebalancing

The Committee will monitor rebalancing from time to time to keep the investments in line with the target asset allocations.

New contributions to the Foundation should be applied to, and payments by the Foundation withdrawn from, asset classes in such a way as to bring the allocation of assets back toward its target allocation.

It is the policy of the Foundation to sell immediately all securities donated to it, ***unless advised otherwise by investment counsel***.

GUIDELINES

Equities

1. Overview

- Given the substantial commitment to equities and their inherent volatility, it is essential that the Foundation's portfolio be well diversified at all times. To achieve diversification the Foundation will invest across various equity styles, capitalization sizes, and industry sectors. The Foundation's portfolio may also be invested in shares of foreign companies listed on U.S. exchanges or recognized foreign exchanges.

2. Permitted Investments

- Equities listed on national exchanges or recognized foreign exchanges.

3. Prohibited Investments

- Use of leverage in an account (margin or derivative securities that increase risk).

- More than 5% in any one issue. In addition, the manager will not
  invest in any security which is illiquid so that the purchase or sale of his position would adversely affect the share price.

4. Ranges within Equities

- No more that 15% of Foundation assets may be invested in international equities.
- A range of 0% to 25% of Foundation assets may be invested in small capitalization equities.

Bonds

1. Overview

- The bond portfolio is designed to diversify the Foundation's assets and to cushion the portfolio in the event of an economic downturn. To achieve this, the portfolio should not unduly bear credit risks and should be invested in bonds of higher quality.

2. Permitted Investments

- Bonds issued in United States dollars.

3. Prohibited Investments

- Use of leverage in the account (margin or derivative securities that increase risk).
- More than 5% in any one issuer except the United States government.

Cash and Equivalents

1. Overview

- Cash should be transitional or held for the purpose of liquidity to meet the Foundation's cash flow requirements.

2. Permitted Investments

- Short term bond funds if done at NAV. Average duration should be less than 1.8 years.
- Money market funds.

Other Investments

- Private equity, private real estate or other illiquid securities will be permitted only with prior approval of the Investment Committee.

Manager Agreements (in general)

- Each investment manager will have guidelines containing provisions consistent with these policies but tailored to the individual style and objectives of the manager.
- Managers should adhere to the policy at all times.
- Turnover should be kept to a minimum.
- Where appropriate, index funds with low fees may be used.
- Use of mutual or commingled funds will be allowed if they generally conform to the guidelines as if they were holding the individual securities.
- Managers' agreements will include specific guidelines and objectives for the portfolio and an itemization of all fees and costs to be incurred by the Foundation in connection with the portfolio's management.
- Managers should communicate, in writing, any significant developments at their firm. These developments include change in firm ownership (both actual and anticipated), organizational structure, professional turnover, significant accounts/assets gained or lost, fundamental investment philosophy, or compliance/legal changes.

DUTIES AND RESPONSIBILITIES

Board of Trustees

The entire Board of Trustees is charged with the ultimate responsibility for the Foundation's assets. As a practical matter, the Board will delegate responsibility for the day-to-day operations of the Foundation to the Chief Executive Officer (a.k.a. the Vice President for University Advancement) and his/her staff. The Board may also seek advice from outside professionals such as consultants and investment managers.

Investment Committee of the Board

The Investment Committee, under the leadership of the Vice Chair, will oversee the implementation of the investment policies. The Committee will also make recommendations to the Board as to the hiring of outside professionals such as consultants and investment managers. The Committee will report to the Board on a regular basis on the status of the Foundation's assets as well as its investment performance relative to the objectives and policies set by the Board. Periodically, the Committee will review the investment policies, objectives and guidelines and recommend changes as needed.

Chief Executive Officer (VP for University Advancement)

The CEO is responsible for the day-to-day implementation of the investment policies set forth by the Board. As requested by the Committee, periodic reports will be made to the Committee on the status of the Foundation's assets and investment performance.

Investment Consultant

The consultant will advise the Investment Committee and the CEO on matters relating to the investment of the Foundation's assets including:

- Investment policy structure and implementation
- Appropriateness of asset allocation strategies
- Invest performance
- General economic trends and predictions

The Consultant will also:

- Monitor the assets to insure compliance with guidelines and policies and report any discrepancies to the Investment Committee.
- Manage the assets under their supervision in accordance direction from the Investment Committee.
- Hold and account for assets under their supervision including collection of all income, daily sweep of cash to money market funds, settlement of all trades, and provide monthly statements.
- Communications to the Investment Committee may be through the CEO of the Foundation.

MEETINGS

The Investment Committee will meet quarterly to review the performance of the investments of the Foundation. The Consultant will be available to report to the Investment Committee as requested by the Committee.

Adopted November 6, 2002

ENDOWMENT SPENDING POLICY

The Board of Trustees of the Valdosta State University Foundation, Inc. places high regard on meeting its financial obligations to Valdosta State University. As such, the Trustees have set the annual spending at a rate of up to 4.5% of the endowment portfolio value. The portfolio value will be determined on a moving average basis and is defined as the average of the aggregate portfolio market value on December 31 of the preceding three years.

The spending will allow distribution of 1.25% to be used for the current fiscal year's Foundation budget. An amount up to 3.25% will be allocated for spending by university departments for the subsequent academic year beginning July 1, within the guidelines documented in each endowment's gift instrument. Each endowment fund must have been in existence at the end of each of the preceding three years to be included in the calculation for spending, unless otherwise instructed in the gift instrument.

The annual calculation shall be completed each February and communicated to appropriate departmental fund managers by the end of March. Any unspent funds at the end of each academic year (June 30) will revert back into the accumulated earnings of the endowment.

Adopted November 6, 2002 – Revised March 5, 2010

GUIDELINES FOR USE OF DISCRETIONARY FOUNDATION FUNDS

The Valdosta State University Foundation, Inc. is a charitable corporation organized under Section 501(c)(3) of the Internal Revenue Code. The Foundation's general purpose is to receive and administer private contributions made in support of Valdosta State University. Contributions to the Foundation are acknowledged as tax deductible to donors under the Internal Revenue Code. All expenditures of Foundation funds must be consistent with the mission of the Foundation and the IRS code and, in the case of restricted funds, consistent with the donors' intentions.

Gifts to the VSU Foundation are expected to be used to advance our work in assisting students to achieve their goals of completing their degree work in order to become more gainfully employed and to be better citizens and, hopefully, to help others along the way during their lives. The trustees recognize that employees at VSU are dedicated to this work and that it is indeed worthwhile. To assist with this work, discretionary funds for each department are established with the Foundation to assist these departments with their work.

The term "discretionary" should be construed to mean that these funds are used, at the discretion of the department head, to advance the work of the department and NOT for the personal benefit of individual employees or groups of employees. These funds are available for items and activities that cannot be paid for from state funds that advance the mission of the University. Expenditure of discretionary funds should ultimately enhance our ability to serve VSU's students.

The Executive Committee of the VSU Foundation Board of trustees is authorized to approve expenditures of no more than $10,000 for each item of business from unrestricted funds. Disbursements of more that $10,000 must be approved by the Board of Trustees. Exceptions to this requirement include purchases of investments authorized by the Investment Committee and budget expenditures previously approved by the Board.

All expenditures from these funds must be made with great respect for the donors' expectations and in support of the mission of the University. To that end, the Foundation has adopted these GUIDELINES FOR USE OF DISCRETIONARY FUNDS which will serve as a guide to the use of funds donated to the Foundation. Appropriate University staff and faculty should be thoroughly familiar with these guidelines and follow them closely.

GENERAL GUIDELINES

PLEASE NOTE: Only officers of the Foundation have the authority to create a liability of the Foundation. University personnel may not authorize vendors to charge purchases to the Foundation without prior approval.

OVERDRAFTS: Under no circumstances will the Foundation "cover" overdrafts in any Foundation account. Funds must be available and in the account before checks are written.

A reimbursement will be approved if it falls clearly within these guidelines. Advance approval is encouraged to ensure that reimbursement is obtained if it is unclear that a request may not be approved.

Requests for reimbursement must be accompanied by a receipt which includes the date, amount and place the expenditure was made. Requests must also include a full explanation of the purpose of the expenditure and how it relates to the department's support of the University.

Because of the time, materials, and expense to the Foundation of writing checks, no check will be issued for amounts less than $25.00. It is suggested that, if a department has many small expenses, the department head should, either make those small purchases and collect the receipts until they total $25.00, or that the department head reimburse employees in exchange for their receipts until the minimum amount of $25.00 is reached and then request reimbursement from the Foundation account.

GUIDELINES FOR SPECIFIC TYPES OF EXPENDITURES

Dues & Membership Fees: Dues and fees for institutional memberships in organizations related to University affairs should be paid by the University from State funds when possible. However, when State funds are not available, these may be paid from Foundation funds.

Dues and membership fees for individual membership in civic or service clubs may be paid from Foundation funds when such memberships are deemed necessary for business purposes. However, when any portion of these memberships and facilities are used for personal activities, a pro-rata share of the dues or membership fees will be reported as income to the employee in compliance with Internal Revenue Service requirements. No dues or memberships for private country clubs or similar organizations may be paid from Foundation funds.

Certification fees or fees for licenses to practice a profession related to the University or Foundation may be paid with the approval of the appropriate Dean or Vice President.

Employee Incentives & Awards: Employee incentives and awards may be made from Foundation funds as long as they meet legitimate goals for encouraging employees to do their best in their work for the University. Incentive programs are those that occur over a period of time to provide incentives for employees and have measurable criteria and monitoring. Incidental employee recognition awards are non-recurring and are designed to reward employees for exceptional performance in unusual circumstances.

Incentives and awards must receive prior approval from the appropriate Dean or Vice President and must meet requirements for Internal Revenue Service reporting. All cash awards, including gift certificates, must be made through the University payroll as a salary supplement and charged to the sponsoring project or department. Non-cash awards with a value of $25 or more will be reported as additional compensation in accordance with IRS guidelines.

Employee Meals: Meals may be paid from Foundation funds in the following circumstances:

- Entertaining official guests
- On-campus working sessions when it is necessary to gather a group of people at a meal time. This should not include regular staff/departmental meetings.
- Recruiting new employees
- Faculty and staff receptions and orientations and retirement functions

Only reasonable amounts will be reimbursed. Expenditures above those which are considered reasonable, taking into consideration location and alternative available facilities, will require approval by the appropriate Vice President. Request for reimbursement must be accompanied by a receipt for the meal which includes the date, amount and place. The request must also include a full explanation of the purpose of the meal and the names and affiliation of the attendees. Descriptions may be generalized for groups larger that twelve participants. Unless extenuating circumstances dictate otherwise, reasonable amounts for breakfasts and lunches should not exceed $15 per person and dinners, $30 per person.

Entertainment: Normally, reimbursement for entertainment will be limited to meals, refreshments and travel. Other entertainment reimbursement must be approved in advance by the appropriate Vice President. SEE ALSO: Employee meals, spouse meals and travel.

Flowers: Flowers may be purchased for the following:

- University organized public relations and fundraising activities
- Student orientation, student/parent receptions and graduation or awards ceremonies
- Faculty/staff receptions
- Funeral or illness of employees and friends of the University and death of a close family member of an employee.

Requests for reimbursement must be fully documented including the identity of the meeting, event or individual and the relationship to the University.

Fundraising Activities: Expenses incurred in the course of organizing and conducting activities for the purpose of raising funds or creating goodwill for the University may be paid from Foundation funds. Expenses may include meals, refreshments, entertainment and travel, subject to the provisions of the related sections in these guidelines. No funds may be used to specifically benefit a particular donor, except for those permitted for recognition purposes (See “Gifts”).

Gifts: Gifts to employees are allowable only under approved employee incentive/awards (above), or in the case of an employee retirement. The cost of such gifts should not exceed $150. Special IRS rules apply to retirement gifts, although such gifts are not generally taxable compensation to the employee. Gifts for employee special occasions such as birthdays, bridal and baby showers and gifts cannot be paid from Foundation funds. Such gifts and occasions are personal in nature and should be paid by the individuals involved.

Gifts to donors and friends of the University, including those who are also employees, are limited to fundraising/cultivation objectives. Costs for such items should be reasonable.

Guests/Hosts Expenses: Foundation funds may be used to bring official guests of the University to campus. Costs of transportation, lodging, meals and necessary miscellaneous expenses are included. University employees, students or relatives may not be considered as official guests of the University for the purpose of expense reimbursement, although they may act in the capacity of University hosts.

University faculty and staff acting in official capacity as a University host may be reimbursed for expenses incurred within reason. Such expenses may include employee and employee spouse meals, entertainment at home, and miscellaneous expenses associated with the hosting responsibilities.

Requests for reimbursement must include the amount, date, and place of the expenditure with accompanying receipts. All employees and guests must be identified and the reason for the visit and hosting responsibilities explained.

Holiday Greetings: Reasonable expenses for holiday greetings to University donors, friends and alumni are permitted.

Moving Expenses: Payment of a reasonable amount of expenses for moving an employee of the University to Valdosta is permissible. These expenditures must be specifically approved by the Board of Trustees. Moving expense payments and reimbursements must be reported as additional compensation on the employee's W-2 form as required by the Internal Revenue Service.

Office Furniture/Equipment: Usually, expenditures for office furniture and equipment should be made from State funds. However, the Foundation may approve such expenditures in unusual circumstances. Requests must be approved in advance and must include an explanation for the request.

Office furniture and equipment will be transferred immediately to Valdosta State University. Requests must contain full documentation of the item and provide the contact name for use by Property Control.

Office Decorations: Expenditures for these items should be limited. This category includes plants, pictures, lamps and other appropriate accessories. Excessive, repeated and extraordinary requests for reimbursements for such items will not be approved.

Office Parties: Each Vice President and Dean may create a Foundation account to receive gifts from faculty and staff which may be used for funding activities and programs related to morale and community building within the unit or area. These activities should be limited to no more that two per year and should conform to the limitations outlined in these guidelines.

Requests for reimbursement must be properly documented, including a complete detailed description of the activity and the persons or groups attending the event.

Office Refreshments: It is expected that those who work in each University office will be personally responsible for office coffee, bottled water and other routine refreshments.

Foundation funds will only be used to purchase coffee, bottled water and other refreshments for offices with extensive contact with the public.

Personal Services: All personal service expenditures must be made through the University employee payroll and charged to a sponsored project. This includes salaries; full, part time and temporary; salary supplements and extra compensation.

Public Relations Activities: Such activities include luncheons, dinners and community affairs organized and presented by external non-profit organizations. Admission charges for a reasonable number of employees officially representing the University at such functions may be paid from Foundation funds. The request for payment or reimbursement must be properly documented, including a complete description which explains the benefit to the University. The number of employees attending these functions should be limited.

Political Contributions: No contributions to political candidates are permissible. Expenditures for legislative advocacy must be limited as outlined by IRS guidelines and must be approved in advance by the Vice President for University Advancement.

Refreshments: Generally expenditures for refreshments for University related functions are appropriate when they are related to:

- Sponsored meetings or events where the purpose is directly related to business
- Faculty/staff retreats, workshops, orientations and receptions
- University sponsored public relations and fund raising activities
- Student orientations, student/parent receptions and graduation and awards ceremonies

Spouse Meals: The cost of including an employee spouse in entertaining official guests, recruiting faculty and staff, and in fund raising or public relations activities may be reimbursed from Foundation funds where attendance of the spouse is necessary to the business purpose of the activity.

Supplies: Expenditures for supplies should include only those items needed on a non-recurring basis or cannot be paid for with State funds. Usual supplies needed on a recurring basis should be paid from State resources.

Travel: Employees will be reimbursed for all reasonable travel expenses on an actual cost basis within the limits set in these guidelines. Travel expenditures should be reimbursed from State funds for as long as they are available. Foundation funds should be used only when State travel funds are exhausted.

Air travel must be by coach class and discount fares should be sought.

For the use of personal automobiles, employees will be reimbursed at the same rate per mile as that used by the University for reimbursement from State funds.

Employees will be reimbursed for meal expenses at State approved levels while traveling away from home on business. Meals during daily travel which is not overnight are an expense of the individual. Meals with donors, prospective donors, volunteers, and other business related individuals are considered entertainment.

Not all expenses are reimbursable. Examples of expenses which will not be reimbursed, even though they may be incurred while on official University business, include laundry, pay movies, baby sitters, formal clothing and other items that are strictly personal.

Overnight accommodations should be in reasonably priced motels and hotels, and government or corporate rates must be obtained where possible.

Telephone credit cards should be used for all long distance business calls made while traveling including calls made from hotel or motel rooms. Employees may make one personal call per overnight of travel.

Expenses which will not be reimbursed from Foundation funds:

- Payment of fines and penalties
- Payment of late charges
- Traffic violations
- Campus parking permits
- Personal meals with coworkers or family members
- Birthday parties, secretaries' day, bosses' day, wedding and baby gifts and other similar occasions.
- Gifts for faculty or staff other than retirement as previously described.
- Personal telephone calls
- Loss or theft of personal property
- Membership fees in airline clubs
- Reimbursement requests from unofficial organizations
- Cellular phone expenses for employees, except for reimbursement for necessary business calls made from a personal cell phone when traveling.

Approved and adopted by the Board of Trustees - January 31, 2003

INSURANCES

At the Valdosta State University Foundation, Inc. our goal is to attract and recruit the best and the brightest trustees for their talents. Potential volunteers may be reluctant to join if not adequately protected for their actions as directors and officers. Therefore, the Foundation believes it is a moral obligation to protect those that help and serve the organization.

Policy

Directors and Officers Liability and Employment Practices Liability are provided for the VSU Foundation, Inc. and VSU Alumni Association, Inc. by:

Chubb Group of Insurance Companies
15 Mountain View Road
Warren, NJ 07059

Coverage

The combined maximum liability coverage for each policy year is $1,000,000.00.

Definition of Coverage

Directors and Officers Insurance is commonly referred to as "D&O Insurance." The goal of D&O Insurance is to protect directors and officers of a corporation from liability in the event of a claim or lawsuit against them asserting wrongdoing in connection with the organization's business.

Employment Practices Liability is commonly referred to as "EPL" and has also become a common addition to corporate coverage. This coverage typically protects directors, officers, employees and/or the corporation against employment-related claims brought by employees and, in certain circumstances, specified third parties.

At its most basic, D&O insurance protects directors and officers from defense costs arising from actions connected to their positions. For more information concerning insurance coverage for the VSU Foundation, Inc and its subsidiaries, contact the Foundation office.