



## **Policies and Procedures Manual**

**2020**

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## Introduction

The University of Maryland Baltimore Foundation, Inc. (UMBF) was established on July 7, 2000. Receiving formal recognition as an affiliated foundation from the University System of Maryland (USM) Board of Regents was the final step in a long and complex process. The Foundation filed all necessary corporate documents and received its 501(c)3 ruling from the Internal Revenue Service.

## Articles of Incorporation and By-Laws

The UMBF Articles of Incorporation and By-Laws can be found on the umaryland.edu website using the links below:

### *Articles of Incorporation*

[http://www.umaryland.edu/media/umb/umb-foundation/pdfs/Articles\\_of\\_Incorporation.pdf](http://www.umaryland.edu/media/umb/umb-foundation/pdfs/Articles_of_Incorporation.pdf)

### *By-Laws*

[http://www.umaryland.edu/media/umb/umb-foundation/pdfs/umbf\\_bylaws\\_approved\\_by\\_full\\_board\\_6.20.18.pdf](http://www.umaryland.edu/media/umb/umb-foundation/pdfs/umbf_bylaws_approved_by_full_board_6.20.18.pdf)

## Mission Statement

The University of Maryland Baltimore Foundation (UMBF) functions to receive, hold, invest, manage and administer gift funds and assets with the primary mission of serving the University of Maryland, Baltimore (UMB) by developing a culture of philanthropy to attain the private resources considered necessary to build and sustain excellence in research, education, patient care and service to the community. These activities are performed within the scope of Section 501(c)(3) of the Internal Revenue Code and adhere to all applicable University System of Maryland (USM) and UMB policies, guidelines and procedures.

UMBF is governed by a Board of Trustees comprised of influential and committed leaders who are dedicated to advancing UMB's goals. The Trustees serve as advisors to the president of the university on matters affecting the UMB campus, its programs, and the community it serves, and are charged with promoting UMB through advocacy and by enlisting the financial support of alumni, faculty, staff, and friends.

## Board of Trustees

**Harry C. Knipp, MD, FACR, Chair**  
Senior Principal Physical Partner  
Advanced Radiology, P.A.

**Ellen H. Yankellow, PharmD, Vice Chair**  
President & Chief Executive Officer  
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**John C. Weiss, III, Secretary**  
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Chief Operating Officer  
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Partner  
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IRAZU-Bioholdings, LLC

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Vice Chairman, UPM Pharmaceuticals, Inc.

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Clinical Instructor, Periodontics  
UMB School of Dentistry

**Charles W. Cole, Jr.**  
Retired President/CEO  
First Maryland Bank Corp.

**Steve Conly**  
Vice President/General Manager -  
Microbiology  
BD Life Sciences – Diagnostics Systems

**Luke T. Cooper**  
CEO, Fixt

**Steve Dubin, JD**  
Principal  
SDA Ventures, LLC

**Tisha S. Edwards, MSW, JD**  
Executive Director  
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Success

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President  
Fila North America

**Patricia Florestano, PhD**

Former Secretary of MD Higher Education  
& former USM Board of Regents Trustee

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Center City, Inc.

**Barry L. Garber, MBA**

Alex. Brown, a division of Raymond  
James®

**Brian J. Gibbons, JD**

Chairman/CEO  
Greenberg Gibbons Commercial

**Mary C. Gregory**

Principal  
Brown Advisory

**Emerson “Randy” Hall, Jr., PhD**

Retired – Pharmaceutical Industry

**Joseph R. Hardiman**

Retired President/CEO  
National Association of Securities Dealers

**Jeffrey Johnson**

Managing Principal  
JIJ Communications

**Alvin D. Katz, CPA**

Co-Founder, Chair, Director  
KatzAbosch

**James A.C. Kennedy, MBA**

Retired – CEO  
T. Rowe Price Group Inc.

**Ray Lewis**

Founder  
Ray Lewis 52 Foundation

**Aris Melissaratos**

Founder, ArMel Scientifics, LLC

**Samantha Mellerson**

Chief Program Officer  
W. Haywood Burns Institute

**Michael E. Muldowney**

Executive Vice President  
CBRE Group, Inc.

**Damien Myers, MD**

Chief Operating Officer  
Project Pneuma

**Bill Niland, CEO**

NeoProgen, Inc

**Frank Palmer, HCC**

Executive Vice President  
Whiting-Turner Contracting Company

**Todd L. Parchman**

Partner  
Parchman Vaughan & Company

**Malinda Peoples**

Senior VP of Clinical Services,  
Programs & Research  
WellDoc

**Edward L. Perl, MD, FAAP**

Carroll Pediatric Center

**Nneka Rimmer**

Senior VP, Strategy and Global Enablement  
McCormick & Company

**Theo C. Rodgers, MBA**

President  
A & R Development

**Alan J. Silverstone**

Consultant

**Frederick G. Smith, DDS**

Vice President  
Sinclair Broadcast Group

**Michael G. Stankus, CPA**

Partner  
Hertzbach & Company

**C. William Struever**  
Principal  
Cross Street Partner, LLC

**Richard L. Taylor, MD**  
Medical Director  
Taylor Medical Group

**Mei Xu**  
Founder/CEO  
Chesapeake Candle

**EMERITI TRUSTEES**

**Edward J. Brody**  
CEO  
Brody Transportation Co., Inc.

**James A. Earl, PhD**  
President  
Helena Foundation

**Morton P. Fisher, Jr.**  
Retired Partner  
Ballard Spahr, LLP

**Richard J. Himelfarb**  
Chairman  
Investment Banking  
Stifel

**Wallace J. Hoff**  
Retired-VP/General Manager  
Northrop Grumman Aerospace  
Systems Division

**Kempton M. Ingersol**  
Managing Director/Senior Portfolio  
Manager  
Brown Capital Management, Inc.

**Kyle P. Legg**  
Chief Executive Officer Emeritus  
Legg Mason Capital Management

**Thomas P. O'Neill**  
Retired Principal  
Hertzbach & Company, P.A.

**Hon. Janet S. Owens**  
Community activist and  
Former Anne Arundel County Executive

**William T. Wood, Esq., Chair Emeritus**  
Wood Law Offices, LLC

**EX-OFFICIO MEMBERS**

**Jay A. Perman, MD**  
President, UMB

**Bruce E. Jarrell, MD**  
Executive Vice President and Provost  
UMB

**Thomas J. Sullivan, CFRE**  
President & Chief Executive Officer  
UMB Foundation, Inc.

**Pam Heckler**  
Treasurer & Chief Operating Officer  
UMB Foundation, Inc.

**LEGAL COUNSEL**

**Jordan I. Bailowitz**  
Partner, DLA Pipe



## UMBF Board of Trustees Responsibilities and Expectations

The University of Maryland Baltimore Foundation, Inc. (UMBF) manages and invests private gifts and property for the benefit of University of Maryland, Baltimore (UMB); facilitates fundraising programs; receives, processes and acknowledges contributions from private sources; and engages in other activities to advance the educational, research, clinical and service missions of UMB. The UMBF Board of Trustees (Board) is comprised of influential and committed individuals who are dedicated to pursuing the mission of UMB.

The continued success of UMBF depends on the personal commitment of the elected Board who affirm the privilege to serve and the responsibility to lead. To enhance the momentum of the University, each member of the Board is expected to be a vigorous advocate and a proactive communicator of UMBF's mission and to assist in philanthropy-related activities for UMB.

### *Each trustee is asked to:*

- Be knowledgeable and remain conversant with UMB's vision, mission and objectives.
- Devote time, talent and passion to promote UMB through advocacy.
- Assist in cultivating relationships with appropriate centers of wealth, power and influence, including members of the USM Board of Regents, community, business and professional leaders, and federal, state and local government representatives.
- Share investment, financial and management expertise and perspective, as appropriate.
- Maintain the confidentiality of UMBF matters, as appropriate.
- Identify potential nominees to the Board who are individuals of accomplishment and demonstrate interested in and capacity to make meaningful contributions to UMBF and UMB.

### *Fiduciary Responsibility:*

- Provide oversight and direction to management and staff in the prudent administration of UMBF.
- Review and understand the UMBF financial statements, to remain fully apprised of relevant financial matters and to help the Board fulfill its fiduciary responsibilities.
- Oversee regular internal and external audits of the UMBF's operations and financial activities.
- Monitor investment activities of the UMBF endowment and operating portfolios and render policy decisions, as required.

### *Philanthropy:*

- Provide leadership in fundraising, including personal philanthropy commensurate with individual capacity; and facilitate the cultivation and solicitation of other prospective donors.
- Identify and help cultivate the interest of individuals, corporate entities, foundations and organizations that have the philanthropic capacity to support UMB.
- Participate in UMB sponsored special events and programs, as availability permits.

### *Meetings:*

- Participate in regularly scheduled Board meetings (four each year) and serve on at least one Board committee.
- Prepare for Board meetings and actively engage in dialogue, discussion and decision-making at Board and committee meetings.

***Avoiding Conflicts:***

- Disclose any possible conflicts to the Board in a timely manner and to sign an annual disclosure statement for the UMBF.

***What you can expect of UMB:***

- Affiliation with a quality comprehensive educational institution dedicated to improving the human condition.
- The opportunity to serve and meet the needs and interests of Maryland, the nation and beyond.
- Openness and transparency in pursuing UMB's mission, vision and ambitious goals.
- A healthy measure of personal satisfaction, fulfillment and pride.

***What UMB expects of you:***

- Passion for the University's unique and powerful cause.
- Intellectual engagement in the vital work and service of the University.
- Proactive involvement in expanding and informing UMB's network of alumni, friends and advocates.
- Personal commitment to provide and secure philanthropic support for UMB aligned with inclination and capacity.

***Approved by the Governance Committee on June 12, 2019***

## Committee Membership

### UMBF Committee Assignments 2019/2020

#### EXECUTIVE

Harry C. Knipp, M.D., Chair\*  
Ellen H. Yankellow, PharmD, Vice Chair  
J.C. Weiss, III, Secretary  
Steve Dubin  
Pat Florestano  
Joseph R. Hardiman  
Jeffrey Johnson  
Samantha Mellerson  
Theo Rodgers  
Michael G. Stankus

#### AUDIT

Michael G. Stankus, Chair  
Mouna Aissaoui  
Anthony Ashton  
Harry C. Knipp, M.D.  
Todd L. Parchman  
J.C. Weiss, III

Tisha S. Edwards  
Mary Gregory  
Ed Perl  
Nneka Rimmer

#### UNIVERSITY ADVANCEMENT

Brian J. Gibbons, Chair  
Scott Canuel  
Marco A. Chacon, Ph.D.  
Emerson "Randy" Hall, Jr.  
Jeffrey Johnson  
Michael Muldowney  
Theo C. Rodgers  
Frederick G. Smith, D.D.S.  
C. William Struever  
Ellen H. Yankellow, Pharm. D.

#### FINANCE

Joseph R. Hardiman, Chair  
Charles W. Cole, Jr.  
Jennifer Estabrook  
Steve Dubin  
Brian J. Gibbons  
Barry L. Garber  
Mary C. Gregory  
David Oestreicher  
Todd L. Parchman  
Alan J. Silverstone  
Richard L. Taylor, M.D.  
J.C. Weiss, III  
Mei Xu

#### COMMUNITY ENGAGEMENT

##### COMMITTEE

Jeff Johnson – Co-Chair  
Samantha Mellerson Co-Chair  
Emerson "Randy" Hall, Jr., Ph.D., Chair  
Emeritus  
Steve Conly  
Luke Cooper

#### GOVERNANCE

Patricia Florestano, Ph.D., Chair  
Marco Chacon  
Carolyn B. Frenkil  
Jim Kennedy  
Frederick G. Smith, D.D.S  
Mei Xu

## Executive Committee Charge

The Executive Committee shall consist of: the Chairman of the Board, Vice Chairman of the Board, the Chairs of all standing committees, and a minimum of two (2) voting members of the Board elected by the Board of Trustees for two year terms pursuant to the guidelines and procedures set forth by the Governance Committee. The Vice Chairman of the Board shall serve as Chair of the Executive Committee. The President of the Foundation shall be considered an ex-officio, non-voting member of the Executive Committee. Each member of the Executive Committee shall continue as a member thereof until the expiration of their term as an officer, committee Chair, or two year term.

The Executive Committee's principal purpose is to facilitate decision-making between Board meetings, only in urgent and crisis situations when it is not reasonably practical to timely convene a full Board meeting. Whenever possible the Executive Committee decisions should be made in coordination with any Committee Chair whose responsibilities include the matter (s) under consideration by the Executive Committee. The Executive Committee shall, subject to this coordination, have all the powers of the full Board in the circumstances set forth above (except as limited in Section 4.02 of the by-laws).

Paid staff and other non-Board members may not serve on the Executive Committee, even if members of staff are serving as Treasurer or Secretary.

All actions by the Executive Committee shall be communicated to the full Board for approval within the first to occur of seven calendar days from the date the action is taken or the next full Board meeting. If the decision of the Executive Committee has been implemented prior to a vote by the full Board, the Executive Committee's decision shall be final unless the Executive Committee's decision is in violation of these bylaws.

## Governance Committee Charge

The responsibilities of the Governance Committee include, but are not limited to, the following:

- Continually assess and appraise Board organization, operation, membership, and attendance to insure maximum effectiveness, including periodic review of the bylaws;
- Outline and recommend to the full Board the process by which the Governance Committee selects, vets, and nominates Officers of the Board and a process for other Trustees to add Officer candidates to the slate;
- Outline and recommend to the full Board the process by which the Governance Committee selects, vets, and nominates new Board member candidates and a process for other Trustees to recommend new Board member candidates;
- Develop and maintain an orientation program for new Trustees;
- Recommend a slate of two voting members of the Board to serve as members of the Executive Committee.
- Manage term limits and renewal for existing Trustees;
- Assess performance of the Executive Committee and make recommendations where necessary, and;
- Provide oversight of the Foundation's structure, policies, and processes to insure compliance with the Foundation's mission and general good governance practices.

The Governance Committee shall make a full report of its actions at each full Board of Trustees meeting. As with all committees of the Board, other than the Executive Committee as set forth herein, all recommendations by the Governance Committee shall be brought to the full Board for approval.

## University Advancement Committee Charge

The responsibilities of the University Advancement committee include, but are not limited to, the following:

- Oversee the Foundation's efforts to advance the University, both financially and in community engagement, and make recommendations where necessary;
- Oversee the awards process for the annual Distinguished Service Award; including, the promotion of the award, working with the affiliated entities of the Foundation and the University to secure nominations, evaluate the nominations based on a previously determined set of guidelines and discussion, and the selection of recipients.

The University Advancement Committee shall make a full report of its actions at each full Board of Trustees meeting.

## Finance Committee Charge

The responsibilities of the Finance Committee include, but are not limited to, overseeing fiscal policy, budgets, reserves, spending, and revenue sources of the Foundation, with a view to ensuring its effective operation and long term fiscal health. The Finance Committee shall make a full report of its actions at each Full Board of Trustees meeting.

The duties and responsibilities of the Finance Committee are to:

- Manage and invest private gifts and/or property for the benefit of the university, either directly or through the University System of Maryland Foundation (USMF).
- Recommend investment policies for adoption by the Board, including policies pertaining to real estate, securities, venture capital and other alternative investments, asset allocation and investment and spending guidelines.
- Report to the Board on the performance of investments compared to industry standard benchmarks.
- Review quarterly financial statements.
- Recommend guidelines for gift acceptance and other policies regarding financial management.
- Review and submit to the Board for approval a staff-developed, long-range financial plan for the Foundation that supports the UMB strategic.
- Approve and monitor the UMBF operating budget.

## Committee on Community Engagement Charge

**[The committee is developing their own charter as a first order of business]**



## Audit Committee Charge

The responsibilities of the Audit Committee include, but are not limited to, initiating such procedures, audits, and analyses that will assure the Board and all others concerned that the Foundation records, resources, and procedures are consistent with regulations and responsibilities for sound fiscal management procedures.

The duties and responsibilities of the Audit Committee are as follows:

### *External Audit*

- Approve the selection and fees of an external auditor for the UMBF and pre-approve all audit and non-audit services.
- Review and approve the planned scope of the annual financial audit by the external auditor, including coordination of effort with internal auditors.
- Oversee regular audits of financial activities and direct that the audit be conducted in accordance with generally applicable standards for non-profit organizations and conform to the USM Board of Regents Policy on Affiliated Foundations.
- Review significant accounting and reporting issues, including complex or unusual transactions, highly judgmental areas, and recent professional and regulatory pronouncements.
- Meet with external auditor in executive session to ascertain whether committee members have any knowledge of fraud or risks for fraud.
- Review and approve the results of the annual audit with the external auditor and management.
- Report annually to the Board a summary of the Committee's activities and significant audit findings.

### *Internal Audit*

- Approve the selection and fees of an internal auditor for the UMBF and pre-approve all audit and non-audit services. Approve the planned scope of the annual financial audit by the internal auditor.
- Review the foundation's system of internal control and the adequacy of accounting, financial, and operational policies and practices to determine if there are any high risk areas.
- Review and approve the results of the internal audit with the internal auditor and management.
- Meet with internal auditor in executive session to ascertain whether committee members have any knowledge of fraud or risks for fraud.

- Report the results of an independent internal audit to the full Board of Trustees.

***Additional Responsibilities***

- Audit Committee shall meet two to three times annually, as needed.
- The Audit Committee shall have procedures in place to respond if a condition is reported or if weaknesses are encountered in the external and/or internal audits.
- The Audit Committee is responsible for establishing procedures to receive complaints regarding accounting, auditing, or internal controls.
- Review compliance with policies and procedures with respect to management's expenses, including their use of Foundation assets, and consider the results of any review of these areas by the auditors.
- Have the power, through its Chair, to call special meetings of the Committee at his/her discretion and to request management to address specific issues within the mandate of the Committee.
- Annually review and assess the adequacy of the committee activities and confirm that all responsibilities outlined in this charge have been carried out.

***As noted in the By-Laws, adopted by the UMBF Board of Trustees at the June 20, 2018 meeting.***

## Audits

### *External Auditors*

UMBF contracts with an external auditor to perform the functions described below.

Pursuant to USM Board of Regents Policy on Affiliated Foundations Section IX, 2.00, paragraph 22, the foundation:

“...shall be audited annually by an independent certified public accountant who is not a director or officer of the foundation and who is approved by the Responsible Official. Each foundation should conduct its fiscal operations to conform to the University System's fiscal year. Each foundation shall prepare its annual financial statements in accordance with generally accepted accounting principles. The independent audit shall be a full scope review, performed in accordance with generally accepted auditing standards. As part of the audit, the auditor shall verify a summary annual report of transfers of funds made to the System. Additionally, each foundation shall have a management letter prepared annually by its independent certified public accountant and submitted to the foundation's board of directors”.

BDO USA, LLC currently serves as the foundation's external auditors.

### *Internal Auditors*

UMBF contracts with an internal auditor to perform the functions described below.

Pursuant to USM Board of Regents Policy on Affiliated Foundations Section IX, 2.00, paragraph 24 the foundation shall:

“...make use of an internal auditor to strengthen their ongoing commitment to continuously prove internal operations and processes. Foundation internal auditors shall possess sufficient experience and training to be able to carry out their duties in a professional manner. They must adhere to the Standards for Internal Audit published by the Institute for Internal Auditors, Inc.”.

Johnson Lambert, Inc. currently serves as the foundation's internal auditors.

## Conflict of Interest Policy for Trustees and Officers

The following statement of policy applies to each Trustee and to all executive officers (“Officers”) of the University of Maryland Baltimore Foundation, Inc. (the “Foundation”). It is intended to serve as guidance for those working on behalf of the Foundation in positions of significant responsibility including the president, vice presidents, the treasurer and the Trustees. This policy is designed to serve the interests of both the Foundation and the University of Maryland Baltimore (“UMB”).

### *Fiduciary Responsibilities*

All decisions of the Board of Trustees and Officers of the Foundation are to be made solely on the basis of the best interests of the Foundation and UMB recognizing that the Foundation’s integrity and the donors’ interests must be protected and advanced at all times.

It is the responsibility of all involved to ensure that the Board of Trustees is aware of actual or potential conflicts of interest, including those involving Business Relationships (as defined below) or Substantial Benefits (as defined below) that could be troublesome for the Foundation. Thus, the Board requires each Trustee and Officer upon appointment or election and annually thereafter:

1. Review this policy.
2. Disclose in the manner provided below any Business Relationships (as defined below), Substantial Benefits (as defined below) or other circumstance that could reasonably be expected to give rise to a conflict of interest involving the Foundation.
3. Acknowledge by his or her signature that he or she is and will remain in compliance with the letter and spirit of this policy.

In addition, if a matter arises during the course of the year that would have been required to be disclosed, the Trustee or Officer will be required to promptly disclose such matter in the manner provided below.

### *Disclosure*

The manner of disclosure shall be as set forth in this paragraph. Each Trustee and Officer is required to list, using the attached Disclosure Form, any Business Relationship (as defined below), Substantial Benefit (as defined below), or other circumstance that gives rise to an actual or potential conflict of interest. In the event there is uncertainty as to whether a Business Relationship, Substantial Benefit, or other circumstance should be disclosed on the attached form, the Chair of the Board or the President of the Foundation should be consulted. Such information, including information provided on this form, shall be confidential unless the Chair of the Board, after consultation with the affected Trustee or Officer and, if the Chairman deems necessary, legal counsel, determines that disclosure is required. The completed Disclosure Form, as well as any updates during the course of the year, should be returned to the President of the Foundation.

### *Restraint on Participation*

A Trustee or Officer who has an actual or potential conflict of interest, whether or not specifically disclosed, shall not vote or otherwise take any action on any matter with respect to which such person may be conflicted. A Trustee or Officer may participate in discussion of such matter in

meetings of the Board or its committees provided he or she discloses such conflict and abstains from voting thereon.

### ***Definitions***

1. **Business Relationship:** One in which a Trustee, Officer, or a member of his or her immediate family serves as an officer, director, employee, partner, trustee, or more than five percent stockholder of an organization that does or is seeking to do substantial business with the Foundation or UMB.
2. **Substantial Benefit:** When a Business Relationship exists with respect to a Trustee or Officer and as a result of such Business Relationship such Trustee or Officer or a member of such Trustee's or Officer's immediate family benefits or is likely to benefit directly, indirectly, or potentially from cash or property receipts totaling \$10,000 or more annually.

In appropriate circumstances, depending upon the nature of the relationship, it will be proper to consider family members outside of the Trustee's or Officer's immediate family for purposes of determining whether or not a Business Relationship and/or a Substantial Benefit exists. Each Trustee and Officer should provide relevant information with respect to the activities of family members outside of the Trustee's or Officer's immediate family if, in the judgment of the Trustee or Officer, the relationship with such family member is such that it could reasonably be deemed to create a potential conflict.

In addition, the Trustees and Officers should note that the definitions above are provided only for guidance, and should not be considered the only situations in which a conflict could possibly exist. For example, the service of a Trustee on the Board of another organization could present a potential conflict if the interests of such organization are or are potentially in conflict with the interests of the Foundation or UMB. The Trustees and Officers should exercise their reasonable judgment in determining whether any circumstances exist, in addition to the existence of a Business Relationship or Substantial Benefit, that could present a potential conflict and that should therefore be disclosed.

*Adopted by the UMBF Board of Trustees on 10/17/2001.*

## Policy on Nepotism

The following statement of policy permits members of the same family to be employed by or paid by the Foundation and applies to employees of the University of Maryland Baltimore Foundation, Inc. (the Foundation) and any individuals paid by the Foundation for services rendered. Members of the same family are eligible for employment by the Foundation and/or for payment by the Foundation for services rendered. In no circumstances shall a supervisory or subordinate relationship exist between family members. A member of a family may not assume the role of advocate or judge for the other with regard to conditions of employment or promotion or remuneration.

### *Definition of a family member:*

For this policy, “family member” means spouse, children, parent of employee or spouse, brother or sister of employee or spouse, aunts and uncles of employee or spouse, nephews and nieces of employee or spouse, brother-in-law and sister-in-law of employee or spouse, sons-in-law, and daughters-in-law of employee or spouse.

### *Family members working for the same supervisor:*

If a member of the same family is recommended to work for the same supervisor, the President of the Foundation or his/her designee shall approve the employment in advance. Under no circumstances, shall an appointment of a family member be made without such prior approval.

### *Development of a supervisory/subordinate relationship after employment:*

Should a supervisory or subordinate relationship develop between family members during employment or in a payment for services rendered arrangement, family members must notify the payroll administrator immediately. The Foundation, upon notification, must take action to ensure that the supervisor or subordinate relationship does not continue to exist. Such action may include reassignment, transfer, or removal of one or more family members from the Foundation payroll.

**NOTE:** This policy does not apply to appointments and promotions made, or to family relationships, which existed prior to the effective date of this policy.

## Disclosure Form for UMBF Trustees and Officers

### DISCLOSURE FORM FOR UMBF, INC. TRUSTEES AND OFFICERS

**Please complete the following and return one copy of this form (and any updates thereto) to the President of the Foundation. You should retain a copy for your records:**

**Are you aware of any relationships with the Foundation between yourself or a member of your immediate family that may represent a conflict of interest as described in the Conflict of Interest Policy to which this Disclosure Form is attached?**

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, please identify such relationship(s).

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**I certify that I have reviewed and agreed to be bound by the provisions of the Conflict of Interest Policy to which this Disclosure Form is attached, and that the foregoing information is true and complete to the best of my knowledge.**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## Whistle Blower Policy

RESOLVED, that effective July 1, 2004, the following policy and procedures will be adopted for reporting any type of misconduct within the University of Maryland Baltimore Foundation, Inc. (“UMBF”).

It is best practice to protect anyone who reports any type of misconduct within an organization. UMBF management encourages and requires all persons who have dealings with UMBF to report financial irregularities or fraudulent activities.

Such information should be submitted in writing (marked CONFIDENTIAL) to the University of Maryland Baltimore Foundation, Inc. External Legal Counsel, Jordan I. Bailowitz, DLA Piper, 6225 Smith Avenue, Baltimore, Maryland 21209-3600. E-mail may be used, but it is not the preferred means of communication. If the individual providing the information requests anonymity, this request will be respected to the extent that doing so does not impede any investigation.

Legal Counsel will turn all information provided over to the Chair of the UMBF Audit Committee as soon as is reasonably practicable. The UMBF Audit Committee shall investigate all credible allegations. Ensuring that the privacy and reputation of individuals involved are respected, the UMBF Audit Committee shall inform the UMBF Executive Committee if any material allegation is confirmed, or if the UMBF Audit Committee otherwise believes the Board of Trustees should be made aware of the situation. There will be no punishment or other retaliation by UMBF for reporting of conduct pursuant to this policy.

All employees will be notified of the policy, upon hire. The procedures for complaint reporting will be periodically reviewed and approved by the UMBF Audit Committee. Given that those persons providing services to UMBF are in fact formally employees of the University of Maryland, Baltimore (“UMB”), and not UMBF, UMBF External Legal Counsel will coordinate with UMB University Counsel as to the adoption of appropriate protective policies by UMB with respect to its employees who provide services to UMBF.

*Adopted by the UMBF Board of Trustees on June 29, 2004.*



## UMBF Record Retention and Destruction Policy

It is the UMB Foundation's (Foundation) policy to maintain complete, accurate, and high quality records of its operations. Records are to be retained for the period of their immediate use, unless longer retention is required for historical reference, contractual, legal, or regulatory requirements or for other purposes as may be set forth herein. Records that are no longer required, or have satisfied their required periods of retention, shall be shredded.

No corporate officer, director, employee, volunteer, or agent of the Foundation shall knowingly destroy a document with the intent to obstruct or influence the investigation or proper administration of any matter within the jurisdiction of any government department or agency or in relation to or contemplation of any such matter or case.

This policy covers all records and documents of the Foundation. The Foundation reserves the right to amend, alter, or terminate this policy at any time and for any reason.

### *Definition*

A record is defined as any information or data that is received or made by the Foundation officers or staff in the course of their duties which is recorded in any medium including, but not limited to, handwritten or typed form, email, tapes, film, microfilm, photocopy, microfiche, optical disk, computer disk, and voicemail records regardless of where the document is stored. This includes network servers, desktop or laptop computers, handheld computers and other wireless devices with text messaging capabilities that contain information related to the Foundation.

**Note on Email:** Email is part of the official business communication of the Foundation and courts have routinely required the production of email in the course of civil discovery and criminal subpoenas. All email messages created using Foundation systems are Foundation property. The value and retention requirements for email messages differ, as it does for all incoming and outgoing documents. Emails are considered official business communications when they provide evidence of Foundation business activities (e.g. directives or development of policy issues; guidelines or procedures, certifies business transaction, or receipt). Information messages with a business context but not part of a business transaction (e.g. notification of a meeting or a message forwarding a document) and personal and social messages should be destroyed in the normal course of business.

### *Procedures*

The CFO is responsible for the oversight and approval for the retention and final disposition of records.

1. An inventory will be created to record those documents and materials that are to be retained in a fire proof safe(s) in the Office of Philanthropy.
2. A record shall be maintained identifying the type of record destroyed, the subject matter (if applicable), and the date and method of disposal and the initials of the persons who disposed of the material.
3. Any document containing the personal information of employees, vendors, or donors shall be secured and maintained in locked cabinets and shall be shredded when disposition occurs to prevent the document from causing harm to the person (i.e. identity theft and employee privacy).

4. Office of Philanthropy staff will schedule an annual “clean-up” day each summer for employees to dedicate their efforts to ensuring that document retention and destruction procedures are in compliance with this policy.

***Review and Update***

These procedures are to be reviewed on an annual basis by the identified stakeholders. Revisions or updates to these procedures must be approved by the CFO.

UMBF reserves the right to change, revise or discontinue these procedures for any reason whatsoever. No employee, manager or other agent of UMBF, other than the Document Owner (or their superiors) has the authority to enter into any agreement contrary to these procedures.

These procedures supersede and void all previous procedures and practices, which may be inconsistent in any way with that stated herein.

***Adopted by the UMBF Board of Trustees on June 16, 2011.***

## University of Maryland Key Contacts

Jay A. Perman, MD  
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[jperman@umaryland.edu](mailto:jperman@umaryland.edu)  
410-706-7002  
410-706-0500 fax

Bruce E. Jarrell, MD  
Executive Vice President and Provost  
University of Maryland, Baltimore  
(410) 706-2304  
[bjarrell@umaryland.edu](mailto:bjarrell@umaryland.edu)

Thomas J. Sullivan, MS, CRFE  
President, UMBF, Inc.  
Vice President, Philanthropy  
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410-706-0986 fax

Larry Kushner  
Associate Vice President, Philanthropy  
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410-706-3911  
410- 706-0232 fax

John McKee  
Assistant Vice President, Planned Giving & Philanthropy  
[jmckee@umaryland.edu](mailto:jmckee@umaryland.edu)  
410-706-2069

Pam Heckler  
Treasurer & COO, UMBF  
Assistant Vice President, Financial Operations  
[pheckler@umaryland.edu](mailto:pheckler@umaryland.edu)  
410-706-5631  
410-706-0986 fax

## Terms and Definitions

<b>Above Water Funds</b>	Endowment funds where the market value exceeds the historic gift value by at least the calculated spendable income and fees.
<b>Account Administrators</b>	Individuals identified to manage the activity for UMBF accounts. These individuals receive the monthly statement of account activity.
<b>Annual Pledge</b>	An annual pledge is a verbal or written commitment which is to be paid during the same fiscal year. Unfulfilled annual pledges are written off each October after the close of the previous fiscal year.
<b>At Risk Funds</b>	Endowment funds where the difference between the market value and historic gift value is less than the calculated spendable income and fees.
<b>Bequest</b>	Bequests are provisions in a will, trust, or other testamentary legal document providing a gift to charity pursuant to applicable state law. Can be restricted or unrestricted by the donor.
<b>Bequest Pledge</b>	A written commitment providing a gift to charity that is included in a will, trust, or other testamentary legal document. Typically, these may be revoked before the donor's death unless accompanied by a legally enforceable contract.
<b>Capital Campaign</b>	An organized drive to collect and accumulate substantial funds to finance major needs of the University.
<b>Current Use Funds</b>	Also known as operating funds. Monies donated to support current operations with intention to expend them in near future or short term. Donors may make an unrestricted gift or may designate their gift for a specific purpose or program.
<b>Donor Advised Fund</b>	A fund held by an authorized entity where the donor or a committee appointed by the donor may recommend eligible charitable recipients for grants from the fund. The entity's governing body must be free to accept or reject such recommendations.
<b>Endowed Chair</b>	An endowed chair provides salary and/or funds to support the research and administrative activities of the person named to the chair in a school or an area of study. The recipient shall be selected in accordance with the MOU and appropriate University procedures.

<b>Endowed Fellowship</b>	An endowed fellowship provides financial support to a graduate or postdoctoral student. The recipient shall be selected in accordance with the MOU and appropriate University procedures
<b>Endowed Funds</b>	Gifts that are accepted subject to the requirement that the principal be maintained and invested to create a stream of income. Endowments are intended to exist in perpetuity. Only a portion of the earnings are normally expended to benefit the program or activity designated by the donor. UMBF requires \$25,000 as the minimum funding level for an endowment.
<b>Endowed Lectureship</b>	An endowed lectureship provides funds to support expenses associated with a lecture including speaker fees, travel expenses, food and beverage, printing and promotional materials.
<b>Endowed Professorship</b>	An endowed professorship provides salary and/or funds to support the research and administrative activities of a professor in a school or an area of study. The recipient shall be selected in accordance with the established MOU and appropriate University procedures
<b>Gifts</b>	Outright or deferred contributions received from private contributors, frequently referred to as “donors” (individuals, corporations, or foundations), in which no goods or services are expected, implied, or forthcoming for the donor.
<b>Gift Receipts</b>	Tax substantiation required by the Internal Revenue Service for a charitable contribution. Gift receipts are generated by the Office of Development Operations and mailed to the donors or when requested forwarded to the schools/units for distribution to donors.
<b>Gift-in-Kind</b>	<p>Non-cash donation of materials or long lived assets, for example, equipment, real estate, furniture or art work. The in-kind gift should serve the mission of the institution or be readily converted to cash and should be reported at fair market value.</p> <p>Gifts-in-kind are valuable to the University and carry tax implications for the donors. It is the donor’s responsibility to determine the fair market value of the gift and fees paid by the donor to determine the fair market value of donated property are not tax-deductible as contributions by the donor.</p> <p>IRS regulations dictate that the gift receipt only describe the items contributed and do not include a dollar value.</p>
<b>Grants</b>	A grant is an award of funds to support a project, usually over a specified period of time; grants typically come from corporations, foundations or other organization, not an individual. The grantor, as a condition of the grant, requires an accounting and narrative report of the use of funds and results of the programs/projects undertaken. A written agreement establishing the terms and

	<p>conditions is signed by the interested parties.</p> <p>All UMB grant proposals must be routed through the Office of Research Development (ORD). If the Grantor has a requirement to support only Internal Revenue Code Section 501 (c) (3) organizations, ORD releases the grant to the UMBF via a letter to the Treasurer. In those cases, if the grant is awarded, UMBF administers the funds on behalf of the recipient.</p>
<b>Historic Gift Value</b>	<p>The sum total of fair value in dollars of:</p> <ul style="list-style-type: none"> <li>• An endowment fund at the time it became an endowment fund.</li> <li>• Each subsequent donation to the fund at the time it is made.</li> <li>• Each accumulation made pursuant to a direction in the applicable gift instrument at the time the accumulation is added to the fund.</li> </ul> <p>The determination of historic gift value made in good faith by the institution is conclusive.</p>
<b>Market Value</b>	<p>Sum of all contributions plus realized and unrealized earnings less distributions, fees and assessments at a particular moment in time; typically tracked based on the last business day of the quarter.</p>
<b>Memorandum of Understanding</b>	<p>Commonly referred to as an MOU. A legally binding agreement between the institution and the donor to establish an endowed fund.</p> <p>The MOU outlines the name, purpose, funding and administration of an endowed fund and must be signed by the donor, the Dean of the appropriate School, the President of the University. and the President of the UMBF.</p> <p>A fully executed MOU must be on file in the Foundation Office before spendable income may be disbursed.</p>
<b>Operating Funds</b>	<p>Monies used for current operations.</p>
<b>Planned Gift</b>	<p>Also known as a deferred gift. Refers to the process of making a charitable gift of estate assets to one or more nonprofit organizations; a donation that requires consideration and planning in light of the donor's overall estate plan; or part of an individual's major gift strategy, generally involving a bequest or trust. There are a number of different types of planned gifts including annuities, trusts and life insurance.</p>
<b>Pledge</b>	<p>A pledge is a promise to make future contributions to an organization over a specified period of time with a documented payment schedule.</p>

<b>Private Risk Assets</b>	Illiquid investments that may take years for profit realization. While the use of capital is sacrificed during this time frame, these investments are held to higher performance standards with a significant return premium over public market equivalent investments.
<b>Public Risk Assets</b>	Liquid investments that are traded on liquid markets/exchanges. These have uncorrelated objectives across equity and credit managers and instruments. Some track closely to market indices with the goal to meet or exceed the benchmark return but with less risk than the benchmark. Other investments will not closely follow a market benchmark. They seek to offer broad diversification for the aggregate portfolio while still earning high-risk adjusted returns and general equity market volatility when possible.
<b>Quasi Endowment</b>	Funds established by the institution's Board of Trustees as endowments and invested like pure endowments. However, unlike pure endowments, any portion of the principal may be expended at the discretion of the Board of Trustees.
<b>Real Property</b>	Also known as real estate or realty. Real property is defined as land, its natural resources, and any permanent structures thereon. Also, in some instances, it is the rights issuing out of, annexed to, and exercisable within or about the land.
<b>Restricted Gifts</b>	Assets or contributions that are restricted in use by the donor for a specific purpose or program (e. g., scholarship, program, grant, research, etc.).
<b>Safe Assets</b>	Investments with little to no principal risk. Composed of U.S. government securities, cash-enhanced investment products, and cash. Provide capital preservation and stability to returns during volatile periods and facilitate spending and capital call requirements.
<b>Securities</b>	Investment that signifies an ownership position in a corporation (stock), a creditor relationship with a corporation or governmental body (bond), or other ownership rights.
<b>Spendable Income</b>	Funds made available – typically from accumulated investment earnings – to be used for the specific purpose designated by the donor.  Endowment Spendable Income is calculated annually according to UMBF Spending Policy adopted by the UMBF Board of Trustees.
<b>Term Endowment</b>	After a stated period of time, part or the entire principal of term endowment may be spent. Earnings may be restricted to a particular use by the donor.

<b>Underwater Funds</b>	Endowment funds where the historic gift value is greater than the market value.
<b>Unrestricted Gifts</b>	Assets or contributions that are not designated to a specific use by the donor.
<b>UPMIFA</b>	Uniform Prudent Management of Institutional Funds Act passed by the Maryland General Assembly in April 2009. These are the statutes under which endowed funds are invested in the State of Maryland.



## Gift Acceptance Guidelines

Gifts to the University of Maryland Baltimore Foundation (UMBF) may be for the general purposes of the University of Maryland, Baltimore (UMB) or for the specific use of a designated school, department, institute, or agency of the University. Donors may direct that gifts be:

- Expended in full during one or more years for unrestricted or restricted current operations.
- Used to establish a special restricted or unrestricted endowment fund within the Foundation's general endowment pool.
- Handled in other ways not inconsistent with the purposes and policies of the University.

Gifts may be designated for a wide range of purposes such as scholarships, research, professorships and chairs, the library, or University-approved building funds. Gifts for current or deferred use, as well as for general or special purpose endowment funds, should name the University of Maryland Baltimore Foundation, Inc. as owner or beneficiary (see the UMBF Check Acceptance Policy in the next section).

Barring any extenuating circumstances, gifts received by the Office of Philanthropy Operations will be deposited within two business days of receipt.

### ***Restrictions***

The Foundation, consistent with the University policy, will not accept any gift, which contains restrictions based on race, color, religion, creed, sex, or national origin.

The Foundation cannot accept any funds transferred from the University of Maryland, Baltimore or intended for deposit to the University of Maryland, Baltimore.

The Foundation will not accept any gifts that will obligate the University to further expense unless agreed upon by the Foundation and the University. (This is particularly applicable in the area of gifts-in-kind and gifts of real property.)

With regard to gifts designated for scholarships, fellowships, or other student financial aid, the Foundation will not accept any:

- Restrictions that permit the donor to designate an individual recipient, or relative of the donor as a recipient.
- Restrictions related to the future employment of the recipient; except where such restrictions are consistent with the purpose of the establishment of the award and does not inure to the benefit of the donor or any other private individual or corporation;
- Restrictions by the donor regarding conditions or terms of repayment, including interest, of loans to students from the donated funds or their proceeds.

This list is intended to be illustrative and not inclusive. Before establishing a scholarship fund, please consult the Executive Director of Philanthropy Operations (6-4385).

With regard to unique gifts (e.g., art, stamp collection, real estate, stock of closely held corporations, etc.) a tiered review will be conducted in the Office of Philanthropy. Initially, the Office of Philanthropy will consider gift acceptance. If required, an internal UMBF, Inc. committee will review the Office of Philanthropy's recommendations. If necessary, the Foundation's Finance Committee will consider the gift.

## Policy on Accepting Gifts from Faculty and Staff

UMBF welcomes gifts from UMB employees. It also recognizes the donor's right to designate a preferred, restricted purpose for his or her gift.

Under IRS regulations, however, a charitable deduction must not fall under the control of the donor, and the donor cannot "receive or expect to receive a benefit from the use of the funds." (IRS Publication 526-Charitable Contributions ). Therefore, all gifts from faculty and staff members must be credited to either departmental or school accounts that are controlled by an individual other than the donor. If members of the immediate family also work at the university, this prohibition also extends to any accounts that those immediate family members may control.

Employees can designate their gifts to a departmental discretionary fund that is fully controlled by the chair of the department and can be used to support the activities of all faculty and staff members, including the donor. However, to ensure appropriate financial controls, if a faculty or staff member contributes to an account for which they have signature authority, the immediate supervisor of the employee must also sign the disbursement form.

As with all gifts, donations from faculty and staff members must be routed through the Office of Philanthropy Operations.

*Approved by UMBF Audit & Finance Committees on March 13, 2012*

## Pledges

### Pledge Reminder Procedures

Centralized preparation of pledge reminders ensures that donors are aware of upcoming pledge payments and that all pledge payments, write downs, write offs, and schedule changes are properly recorded and documented. This process also standardizes review of past due pledges for audit and account purposes.

#### Procedures for Pledges with a Payment Due Soon

1. Each month, the donor relations development associate (DRDA) runs the *Multi Year Pledge Reminders* report and reviews the pledges in the *Payment Due Soon* category.
  - a. DRDA confirms that all payments, write downs for payments from DAF and Family Foundations and pledge schedules are correct.
  - b. DRDA contacts the School and corrects errors as needed.
2. After review, the DRDA prepares the reminders and forwards them to the proper contacts in each School with a due date for response.
3. School based development staff reviews each reminder for accuracy and provides the following instructions for each letter:
  - a. Okay to mail
  - b. Do not mail – DO will follow up with the donor by email or phone, enter a contact report to document the outcome and inform the DRDA of any pledge updates needed in Advance.
  - c. Update the pledge – DO provides appropriate information and documentation to update the pledge.

*Note: SOM and SOP will print and mail their reminders and provide copies to DRDA. DRDA will enter contact report in Advance.*

4. DRDA prints, signs and mails the reminders with a return envelope.
5. DRDA enters a contact report for each reminder mailed and attaches a PDF of the reminder letter.
6. Payment routing:
  - a. If sent to School, staff follows established procedures for submitting gifts to the Office of Philanthropy Operations for processing.
  - b. If sent to DRDA, he/she prepares deposit for gift processing and emails a copy of the deposit and supporting documentation to the School.

#### Procedures for Past Due Pledges (*Due from 2 – 11 months ago and Over 1 Year behind Schedule*)

1. Each April and October, the DRDA reviews pledges in the *Due from 2 – 11 Months Ago* and *Over 1 Year Behind Schedule* categories.
  - a. DRDA confirms that all payments, write downs for payments from DAF and Family Foundations and pledge schedules are correct.
  - b. DRDA corrects errors as needed.
2. **After review, the** DRDA meets with each school to discuss and document collectability per the *UMBF Policy and Procedures for Pledge Write-Offs*.

## Pledge Write-off Policy

A pledge is a promise to make future contributions to an organization over a specified period of time with a documented payment plan. An annual pledge is a verbal or written commitment to pay the entire pledged amount during the same fiscal year. A multi-year pledge is paid over 2 or more fiscal years. Multi-year pledge agreements must be in writing, identify the purpose and/or fund designation, outline the payment schedule and be signed by the donor.

UMBF policies and procedures are monitored by the foundation's external auditor. Annually, the external audit team reviews outstanding pledges to ascertain whether best practice procedures are in place to document exceptions to pledge agreements. It is the responsibility of the Chief Development Officer (CDO) of each UMB school/unit to ensure that these policies and procedures are familiar to staff and followed as outlined.

Pledges that are not collectible should be written off in a timely manner.

- Unfulfilled annual pledges are written off in October of the following fiscal year.
- Multi-year pledges require some payment in a 24-month period or written documentation as outlined below in order to remain active.

Writing off outstanding multi-year pledges requires written notification. The notification may be from the donor or the CDO of the school/unit explaining the reason for the write-off. The CDO may designate another development officer or appropriate staff member to oversee this responsibility.

The Office of Philanthropy Operations records all multi-year pledges, whether designated to the UMBF, USMF, Common Trust, Trustees of the Endowment, Medical Alumni Association (MAA) or the University. Philanthropy Operations over-see pledge recordkeeping, reviews past due pledges and provides a list of pledges to the UMBF Audit and Finance Committees prior to their regular meetings.

Delinquent pledges should be reviewed by the school/unit development officer (DO) to determine if the pledge is still collectible. The DO should contact the donor, where appropriate, to determine collectability. If the donor intends to honor the pledge, either the donor or the DO must inform the Director of Philanthropy Operations (DPO) in writing and provide a new payment schedule. If the donor intends to terminate the pledge, the donor or DO must submit written documentation explaining the reason for the write-off.

If the DO does not wish to pursue payment due to extenuating circumstances (e.g., new commitments to another program, ill health, changes to financial situation, etc.), the DO must submit written documentation explaining the reason for the write-off.

At the death of a donor if provisions have not been made in the donor's will, it is the responsibility of the Office of Planned Giving to make a written request to the family or estate to collect the pledge balance in order to accomplish fiduciary responsibility. If it is determined that any remaining payments are uncollectible, the pledge will be reduced to the amount paid.

Pledge write-off requests must be reviewed and approved by the Dean and/or Vice President prior to submission to the DPO. Pledge write-off requests of \$10,000 or more must be reviewed and

approved by UMBF Treasurer/CFO and UMBF President/CEO prior to the write-off in the Advance system. Pledge write-offs of \$50,000 or more must be reviewed and approved by the UMBF Audit and Finance Committees.

The UMBF Audit and Finance Committees must approve the initiation of legal action to pursue the fulfillment of a pledge.

## Current Use Funds

Current use or operating funds are designated to support current operations of the school/unit. The intention is to expend the money in the near future or short term. These can be viewed as the school's "checking accounts."

Donors can make unrestricted gifts in support of a school/unit (U for Unrestricted on Account Agreements) or can restrict their gifts for a specific program or purpose such as a program, project, student scholarships, or faculty support (T for Temporarily Restricted on Account Agreements). Money in unrestricted or temporarily restricted accounts can be spent in their entirety.

For tracking/identification purposes, each School/Unit's current use account numbers start with the same two digits:

School of Dentistry	21__	School of Pharmacy	28__
School of Law	24__	School of Social Work	29__
HS/HSL	25__	National Dental Museum	30__
School of Medicine	26__	Shock Trauma	31__
School of Nursing	27__		

Most gifts received as a result of Annual Fund solicitations are directed to current use, and are intended to support programmatic expenses.

Grant funds are also considered to be current use funds and are identified as G (for Grants) on Account Agreements. (See Routing and Acceptance of Grant Applications for additional information.)

## Current Use Investment Policy

UMBF current use funds are managed via a contract with the University System of Maryland Foundation (USMF). These funds are invested according to the investment policy approved by the USMF Investment Committee. The UMBF Finance Committee closely monitors the investment performance. For specific information, contact the Treasurer, UMB Foundation, Pam Heckler at 410-706-5631

## Current Use Funds Assessment Policy

UMBF promotes the University through advocacy and the enlisting of financial support. The Foundation manages and invests gifts for the benefit of UMB, maintaining the highest possible standards of accountability for its donors and constituents.

Current use funds are assessed on an annual basis. This assessment is charged on the total amount of realized investment earnings on the current use funds. An assessment of 20% of the realized investment earnings provides the UMB President with discretionary resources for University needs. An additional assessment of 20% of the realized investment earnings supports a portion of the UMBF operating budget. The UMBF Finance Committee reviews and approves the foundation's operating budget each year. An assessment of approximately 10% of the realized investment earnings funds a portion of the campus development services in the Office Philanthropy.

The remaining approximately 50% of the current use realized investment earnings are returned to the accounts. The current use assessments are calculated after all fiscal year realized investment earnings have been reported. The amount allocated to each account is based on the average monthly balance of that account relative to the total average monthly balance in the current use fund investment pool.



## Account Agreement for Current Funds

The two-page account agreement form for current use funds establishes the terms and conditions under which the account will be administered by the Foundation.

The account agreement sets forth the name and the purpose of the account. It is imperative that the purpose statement is of sufficient informational content to determine whether the account will be designated as unrestricted or restricted. According to FASB (Financial Accounting Standards Board) regulations, unrestricted funds cannot be commingled with restricted funds. Each account is coded in our accounting system (Blackbaud) according to its purpose in order that deposits to the account and expenditures from the account are processed in agreement with the established purpose.

When the information on both pages of the account agreement is complete and the authorized signatures have been obtained, both pages should be faxed over to the Foundation office. The original should be forwarded to the Dean's office for his/her approval. The Dean's office should forward the fully completed and approved form to the Foundation office. **NO EXPENDITURES WILL BE PERMITTED FROM THE ACCOUNT UNTIL A FULLY COMPLETED FORM IS RECEIVED IN THE UMBF OFFICE.**

A copy of the completed form will be returned to the School/department for their file.

**NOTE:** The School of Medicine has a separate account agreement form due to the stipulation that requires two authorized signatures on all disbursement requests of \$1,000 or greater.

## Changing Current Use Account Information

Changes to current use account information should be requested using the Account Information Change form that can be printed from our website at <http://www.umaryland.edu/philanthropy/devservice/umb-foundation/index.asp>

Use this form to:

- Add an authorized account signer
- Remove an authorized account signer
- Change the person designated to receive the Monthly Account Statement (aka Project Activity Report)
- Add a secondary person to receive the Monthly Account Statement

Specific instructions:

1. All of the information in the top portion of the form must be completed
2. The form must be signed by the Dean or his or her designee when requesting changes to the authorized signers on the account
3. The email address of the person designated to receive the Monthly Account Statement must be entered on this form
4. If you are requesting a change in the person receiving the Monthly Account Statement, the signature of any one of the authorized signers will suffice
5. You are permitted to make a “blanket” change with this form. If you are making the same change to several accounts, write: “see attached” in the top section and attach a list of the appropriate account numbers and names
6. It is advisable to have at least two signers (three for Medical School accounts) on each account so that absences will not delay processing Disbursement Requests
7. Retain a copy of the signed form in your files

## Deposit Procedures

Contributions intended for the University of Maryland Baltimore Foundation should be promptly and properly deposited, recorded, reconciled, kept under adequate security, and comply the terms of any related restrictions.

### *Procedures*

1. All deposits must have appropriate documentation which includes:
  - a. Gift Deposit Form
  - b. Supporting materials that indicate the donative intent and the purpose of the gift
  - c. Check
  - d. Copy of Check
2. Effective September 15, 2005, the UMB Foundation will accept gift and non-gift checks under the following conditions:
  - a. Payee is University of Maryland Baltimore, Foundation, UMB Foundation or UMBF
  - b. Payee is a named fund within the Foundation (e.g. Daniel Thursz Professorship, Schwartz, Fellowship, Civiletti Scholarship, etc.)
  - c. (NEW) If the check is made payable incorrectly, but the donor has returned a response vehicle (form, card or letter) with a statement that “Funds for the University of Maryland School of \_\_\_\_\_ are administered by UMBF” (or some variation), we will accept the check for deposit. This is primarily applicable for annual fund solicitations.
3. If the above conditions do not apply, checks made payable to any other payee cannot be processed unless accompanied by a deposit authorization letter signed by the individual who signed the original check (or, in the case of an organization, an authorized representative), stating that the money should be deposited into the UMB Foundation. The deposition authorization letter should be sent, faxed, or emailed to the donor. It is suggested three attempts, including at least one phone call, be made in a four-week period. If there is no response at the end of that time, the check should be deposited in the appropriate State account.
4. The receipt from the bursar, a copy of the check, and the appropriate gift documentation should be sent along with a completed deposit form so that the gift can be included in the fundraising totals.

## Check Acceptance Policy

UMBF must be careful not to accept any funds that are not meant for the Foundation. Checks presented for deposit into a UMBF account must be made payable to the Foundation in one of the following ways:

- Payee is University of Maryland Baltimore Foundation, Inc., UMB Foundation or UMBF.
- Payee is a named fund within the Foundation (e.g., Daniel Thursz Professorship, Linda DeVore Endowment, Amish Research Clinic Fund, Blaustein Foundation SWCOS Program Fund, etc.)
- Check is made payable incorrectly, but the donor has returned a response vehicle (form, card, letter, envelope) with a statement that “*Funds for the University of Maryland School of \_\_\_\_\_ are administered by UMBF*” (or some variation).

If none of the above conditions apply, a **deposit authorization letter** should be sent, faxed or emailed to the donor. A deposit authorization letter template can be found at:

<http://www.umaryland.edu/philanthropy/devservice/umb-foundation/index.asp>

To the extent possible, the person who signed the check should sign the authorization letter; however, in cases where the signatory is not available to sign the authorization letter, it can be signed by a spouse or in the case of an organization a person of authority (their title should be included).

We suggest three attempts, including at least one phone call, in a four-week period. If there is no response at the end of that time, deposit check into an appropriate State account.

## Credit Card Transactions

Gift and non-gift payments may be made to the UMB Foundation using American Express, Visa, Discover, and MasterCard.

The UMBF needs the following information to process all gift and non-gift credit card transactions:

- Name of credit card account holder
- Credit card account number
- Credit card expiration date
- Dollar amount of the transaction

Send the information and complete documentation to the Philanthropy Operations Office. Credit card transactions must be batched separately from other types of deposits. UMBF will notify the School of any declined cards.

**Stock Transfer Instructions**  
**University of Maryland Baltimore Foundation, Inc.**

***Please note: You MUST contact the Office of Philanthropy Operations prior to making a gift of securities to ensure receipt of your gift. Without advance notification, we cannot guarantee that Northern Trust will accept the transfer. Thank you for your cooperation.***

The following information is required for the transfer of stock by the Depository Trust Company (DTC) to the University of Maryland Baltimore Foundation (c/o University System of Maryland Foundation), via your broker or bank.

**Bank Information:**

The Northern Trust Company  
Trust Department

**DTC Participant #: DTC #2669**  
**Reference: 26-57648, University System of Maryland Foundation-Gift Account**

Please ask your broker or bank to include their name in the transmittal and ensure that the following information is included in the transmittal from the broker to the Northern Trust Company:

Donor name: \_\_\_\_\_

School/Division that the gift supports: \_\_\_\_\_

UMBF, Inc. fund name and/or account number: \_\_\_\_\_

***\*Note that stocks received after 600 p.m. will be valued at the average high/low for the following business day.***

Carolyn Bayle  
Director  
Philanthropy Operations  
410-706-4385  
[cbayle@umaryland.edu](mailto:cbayle@umaryland.edu)

Kathi Paradiso  
Asst. Director,  
Philanthropy Operations  
410-706-1021  
[kparadiso1@umaryland.edu](mailto:kparadiso1@umaryland.edu)

Fax: 410-706-0338

UMBF, Inc.  
220 N. Arch St., 13<sup>th</sup> Floor  
Baltimore, Maryland 21201

## Transferring Securities

When a donor wishes to contribute marketable securities, the Office of Philanthropy Operations (UMBOP) in the Office of Philanthropy must be contacted to ensure that correct transfer procedures are followed, correct account numbers used, and the process is completed in a timely manner. In all cases, advance notice of a pending security transfer must be conveyed to UMBOP (6-8221 or 6-1021) to avoid confusion.

When providing delivery instructions to donors for electronic transmission of securities, use the Securities Transfer Instructions form at <http://www.umaryland.edu/philanthropy/devservice/umb-foundation/index.asp> or have the donor go to the UMB online giving website [www.giving.umaryland.edu](http://www.giving.umaryland.edu) and complete the necessary information.

UMBOP will notify the appropriate development officer when the transfer and sale of the securities have been completed, and will generate the necessary tax receipt for IRS purposes. The receipt will be sent directly to the donor or if requested, returned to the development officer to send to the donor.

### *Securities Held by a Broker*

- Electronic stock transfer from the donor's account to the UMBF investment account is accomplished via the Depository Trust Company (DTC). This is the most direct method of stock delivery. The donor or his/her broker should use the forms above and/or call UMBOP to advise of the gift intent (UMB account to be credited) and to discuss specific DTC instructions.
- If a security is received through electronic transfer and is identified for the University of Maryland Baltimore Foundation, Inc. (UMBF), Northern Trust will accept the security upon receipt. If the transfer is not properly identified, the security will NOT be accepted and will be returned to the transferring party.
- The security will be valued as of the date received based on the mean value of the high and low stock price for that date. Note that stocks received after 6:00 p.m. will be valued the following business day. Securities that are not traded regularly (e.g., closely held, private placements, etc.) will only be accepted with prior review and approval of the UMBF Gift Acceptance Committee. If you are working with a donor who intends to use this type of gift instrument, you must notify the Office of Planned Giving or UMBOP prior to transfer.
- Northern Trust will notify UMBOP of the transfer and provide the valuation as of the gift date. UMBOP will provide Northern Trust with the appropriate fund to be credited and will inform Northern Trust of any restrictions regarding the sale of the securities.
- Unless otherwise notified by UMBOP, Northern Trust will sell the securities as soon as possible. Upon settlement of the sale, the proceeds will be credited to the appropriate UMBF account.

### *Securities Held by the Donor*

- If the donor is in physical possession of a stock certificate, the gift date will be the date they are received/accepted by a member of the development team (development officer or UMBOP staff member). The security will be valued as of the date received based on the mean value of the high and low stock price for that date.

- Securities that are not traded regularly (e.g., closely held, private placements, etc.) will only be accepted with prior review and approval of the UMBF Gift Acceptance Committee. If you are working with a donor who intends to use this type of gift instrument, you must notify the Office of Planned Giving or UMBOP prior to transfer.
- If the certificates are in the donor's possession and in the DONOR'S NAME, the donor needs to provide the certificate(s) with a signed stock power.
  1. The stock certificates should be left unsigned.
  2. The stock power should be signed by the donor exactly as their name appears on the stock certificate and the remainder of the form should be left blank. All signature(s) must be Medallion Signature Guaranteed by an eligible Guarantor Institution such as a commercial bank, broker, or credit union.
  3. If the stock is registered in more than one name, each person must sign the stock power form. A separate stock power must be signed for each type of stock being transferred.
  4. The donor should provide a Letter of Instruction indicating his/her intention to gift the stock to UMBF. The letter should identify the name of the stock being donated, the number of shares and the School or program the donor would like the gift designated to.
  5. We recommend that the certificate(s) and Letter of Instruction be mailed in one envelope and the Stock/Bond Power be mailed in a separate envelope to UMBF/Office of Gift Administration (UMBOP). Both should be sent via certified mail, with a return receipt requested. If the certificate and the Stock/Bond Power are mailed together, they become negotiable to the bearer thus increasing the risk of loss or misuse.
  6. When all necessary documents have been received by UMBOP, they will be forwarded to our contact at USMF for delivery to Northern Trust. Note that the IRS requires that valuation of the stock must be based on the date that both the stock certificates and the stock power with Medallion Signature Guarantees are received by a member of the University's development staff. The security will be valued as of the date received based on the mean value of the high and low stock price for that date.

The documentation may be delivered in person or should be mailed to:

University of Maryland Baltimore Foundation, Inc.  
 Attn: Carolyn Bayle, Director, Philanthropy Operations  
 220 N. Arch St., 13<sup>th</sup> Floor  
 Baltimore, MD 21201

For questions or assistance, please contact Carolyn Bayle or Kathi Paradiso in the Office of Philanthropy Operations. Carolyn can be reached at 410-706-8221 or [cbayle@umaryland.edu](mailto:cbayle@umaryland.edu), and Kathi can be reached at 410-706-1021 or [kparadiso1@umaryland.edu](mailto:kparadiso1@umaryland.edu).



## Irrevocable Stock Bond Power

The undersigned does (do) hereby give, assign and transfer to: The University of Maryland Baltimore Foundation, Inc.

***If stock,  
complete this  
portion:***

\_\_\_\_\_ shares of the \_\_\_\_\_ stock of  
(Quantity) (Company Name)  
certificate(s) No(s). \_\_\_\_\_ represented by  
(Certificate #'s)  
inclusive, standing in the name(s) of the undersigned on the  
book of said company

***If bonds,  
complete this  
portion:***

\_\_\_\_\_ bonds of \_\_\_\_\_  
(Quantity) (Company Name)  
No(s). \_\_\_\_\_ inclusive, standing in the  
(Certificate #'s)  
name(s) of the undersigned on the books of said company.

The undersigned does (do) hereby irrevocably constitute and appoint \_\_\_\_\_  
attorney to transfer the said stock(s) or bond(s), as the case may be, on the books of said stock full power  
of substitution in the premises.

***Important:*** The signature(s) to this power must correspond with the name(s) as written upon the face of  
the certificate(s) or bond(s) in every particular without alteration. Persons executing this power sign here:

1)	2)
Date	Date

**Wire Transfers and ACH Payments**  
**University of Maryland Baltimore Foundation, Inc.**

Note: these instructions are provided for the purpose of directing funds to the University of Maryland Baltimore Foundation, Inc. by wire transfer or ACH payment. **The preferred method, if available, is ACH payment since the bank fees are substantially lower for both the sending and receiving parties.**

Direct payment to:

PNC Bank, N.A.  
One East Pratt Street, Suite 100  
Baltimore, Maryland 21202

PNC Contact:

Treasury Management Client Care (TMCC)  
1-800-669-1518  
[TMCC@pnc.com](mailto:TMCC@pnc.com)

For the Account of:

University of Maryland Baltimore Foundation, Inc.  
220 N. Arch St., 13<sup>th</sup> Floor  
Baltimore, Maryland 21201-1508

Wire Transfers:

ABA #031000053  
Swift Code: PNCCUS 33 (Int'l Transfers)  
Account #55-0129-6308

ACH Payment

ABA #054000030  
Account #55-0129-6308

Please include the following information with your wire or ACH transmission:

Donor name: \_\_\_\_\_

School/Division that the gift supports: \_\_\_\_\_

UMBF fund name and/or account number  
: \_\_\_\_\_

*For additional information regarding wire transfers and ACH payments, please contact:*

Carolyn Bayle  
Director, Philanthropy Operations  
410-706-8221  
[cbayle@umaryland.edu](mailto:cbayle@umaryland.edu)

Kathi Paradiso  
Assistant Director, Philanthropy Operations  
410-706-1021  
[kparadiso1@umaryland.edu](mailto:kparadiso1@umaryland.edu)

220 N. Arch St., 13<sup>th</sup> Floor  
Baltimore, MD 21201-1508  
Fax: 410-706-0338

## Payroll Deductions

Employees of the University can make charitable contributions to the University of Maryland Baltimore Foundation, Inc. (“UMBF”) in support of a school, department, or program by having money deducted from their paycheck on a bi-weekly basis.

Payroll deductions are processed through Central Payroll in Annapolis, which operates on a calendar year basis. Once Central Payroll inputs a deduction into the system, it automatically stops at the end of the last pay period in December. A new payroll deduction card must be completed each year. To ensure that deductions will begin with the first pay of the new calendar year, payroll deduction cards must be delivered to the UMBF office by the second Friday in December. If an employee wants to stop their deduction before the end of the calendar year, they must submit a new card indicating their intent to cancel by marking “cancel” in the Deduction Action Requested box on the card.

It is very important to fully complete the payroll deduction card according to the instructions in the Completion of Payroll Deduction Card section below. Completed cards should be delivered to the UMBF office at 220 N. Arch Street, 13th Floor, Baltimore, MD 21201. UMBF will make a copy and then forward the original card to the University System of Maryland Foundation, Inc. (USMF), which administers the payroll deduction program for the entire system. USMF in turn sends the card to Central Payroll for processing.

UMBF receives a monthly check from USMF for the payroll deductions authorized by UM employees. These payments are entered into Advance as gifts unless there is a multi-year pledge on which the donor is paying. Gift receipts are issued as the payments are received if the total bi-weekly deduction is \$250 or more. For bi-weekly deductions of less than \$250, the donor will be mailed a summary receipt no later than January 31st of the following calendar year (e.g., summary receipts for payroll deduction gift received in calendar year 2009 were mailed by January 31, 2010). The development office in each school/unit is contacted by the Office of Philanthropy Operations (UMBOP) to determine if receipts should be mailed to donors directly from UMBOP or returned to the school/unit for mailing.

### *Completion of the Payroll Deduction Card*

Payroll deduction is available for employees of the University of Maryland to enable them to give tax-deductible gifts to support the schools and programs of the University through the University of Maryland Baltimore Foundation, Inc. Payroll deduction cards are available from the Office of Philanthropy Operations in the Office of Philanthropy.

The steps necessary to make a gift through payroll deduction are listed below:

1. Complete both sides of the payroll deduction card.
  - o SIDE 1
    - Social Security Number
    - Employee Name
    - For Payroll Type check UM – University of Maryland
    - Check the deduction action you are requesting
      - **Note:** Payroll deductions are based on the calendar year – the deduction can start at any time during the year, however it will only continue through the last pay in the calendar year. A new card must be completed to continue the gift in the next calendar year. Deductions can be discontinued at any time by completing a new card to cancel the process.

- Fill in Amount to be deducted per Pay Period
  - Date, sign and fill in Place of Employment (e.g. UM, School of \_\_\_\_)
    - **Note:** Corrections to Side 1 of the card must be initialed or the card will be returned to the donor.
  - SIDE 2
    - Designate the purpose of the gift by providing the Fund Name and Fund Number, which can be obtained by speaking to the Development Officer in the school/unit or by calling the Office of Development Operations at 6-1021.
    - Clearly print your name, full address, home and work phone numbers
2. Completed cards should be delivered to the Office of Philanthropy Operations, 220 N. Arch Street, 13th Floor, Baltimore, MD 21201.
  3. Completed cards are forwarded to USMF and then to Central Payroll for processing. Allow 1-2 pay cycles for the deduction to begin.
  4. Payroll Deductions funds are record in Advance on a monthly basis.

For questions or need further assistance please contact the Assistant Director of Philanthropy Operations, Kathi Paradiso at 6-1021.

## Maryland Charity Campaign

The Maryland Charity Campaign (MCC) is the unified effort of the Maryland State Government to support health and human services in our community. It is a fundraising program separate from the University of Maryland, although the University of Maryland Baltimore Foundation, Inc (UMBF) is designated as an entity eligible to receive donations from MCC.

The University of Maryland Baltimore Foundation, Inc. (UMBF) Agency Code is 9695. Within UMBF, there are a number of specific accounts (schools, divisions, departments, etc.) to which employees may designate their gifts/payroll deductions. These are listed on the Maryland Charity Campaign Supplemental Card. MCC donations to UMBF must be designated to one of the accounts listed on the Supplemental Card. If an employee wants to give to an account not listed, then we suggest payroll deduction (see preceding section).

Employees should complete in full the Campaign Pledge Card and indicate the UMBF Account Code of 9695 in the space marked "Book #." Please note that before the 2008 Maryland Charity Campaign, employees had to mark "I DO" in the "Release" section of the MCC Pledge Form in order to have the gift or pledge designated to a specific UMBF account. Beginning with the 2008 campaign, this is no longer necessary. The form now asks you check the appropriate box if you DO NOT want your name released to the charities designated to receive your gifts. If the donor checks this box, MCC recognizes this as the donor's desire to remain anonymous, and MCC will not release the employee's name to UMBF. If UMBF is not informed of the donor's name, we will not be able to designate the gift to a specific account. All anonymous gifts and pledges will be totaled and entered into the Advance system from Maryland Charities, and the total amount will be designated to a general campus fund.

The Philanthropy Operations Office will receive copies of all pledge cards and supplemental forms from the MCC campus administrator. Because the employee is making the contribution to MCC (not UMBF), MCC is legally responsible for providing a gift receipt to the donor. If the employee has authorized the release of his/her information to UMBF, UMBF will notify the individual schools or divisions so they may acknowledge these gifts as they deem appropriate.

The gifts and pledges will be entered into Advance individually with MCC recognized as the legal donor (receiving hard credit); the employee will receive beneficiary or "soft" credit for the gift/pledge. Because check payments are received from MCC, we are required by law to enter MCC as the legal donor.

Once the current Maryland Charity Campaign is completed in the fall, it takes approximately 18 months for the MCC pledges to be fulfilled. Payroll deductions are collected throughout the ensuing calendar year and the final payments from MCC are received in April or May of the following year. (For example, during the 2007 campaign, pledge commitments were collected during the fall of 2007. Payroll deductions were collected and sent to MCC during 2008. MBF received final payment from MCC in May 2009 and the funds were applied to the open 2007 campaign pledges.)

The actual monies received from MCC are never as much as originally outlined in the report received from MCC in the spring. This occurs for several reasons:

- Employees leave state employment and MCC payroll deduction contributions are no longer available.
- Employees may cancel or change their designation throughout the remainder of the year.
- MCC charges 10-12% in administrative fees, which are deducted from the final payment.

In order to make up the difference when the MCC payment is applied, pledge amounts to the general campus fund may be lowered to adjust for the variance. If there are not enough general campus funds to make up for the variance, then the pledges are adjusted; however, the donor will still get soft credit for the full amount of their pledge.

## Instructions for using the Maryland Charity Campaign Supplemental Form

**MCC Book # / Agency Code: 9695**

The University of Maryland Baltimore Foundation, Inc. (UMBF) is an entity eligible to receive donations through the Maryland Charity Campaign. UMBF is composed of many sub-accounts (listed on front page) that are administered by various schools, divisions, and departments here at the University of Maryland.

**To make a pledge/contribution to one of the UMBF accounts through the Maryland Charity Campaign, please:**

1. Complete the MCC Pledge Card
  - a. Write the code 9695 on the MCC Pledge Card where it says “Book #” and the amount of your pledge/contribution to UMBF.
  - b. **IMPORTANT:** Employees should not check the box for the statement, “I DO NOT want my name and address released to agencies I have designated to receive my gift”, which is located beneath your E-mail address in the “My Name” section of the MCC Pledge Card. If you check this box, MCC cannot release your name to the UMBF, and your contribution will be added to the campus general fund rather than your preferred sub-account.
2. Complete the **UMBF Supplemental Pledge Card** to designate your preferred specific UMBF sub-account (see front of form)
  - a. Check off the account name(s) you are donating to and fill-in the amount contributed to each account. Make sure the individual amount(s) equal the total amount on your MCC Pledge Card for the UMBF (Book #9695).
  - b. Write your name, department, and campus phone number on this form in case we need to contact you.
3. Paperclip this form to your MCC Pledge Card (do not staple).
4. Return both the MCC Pledge Card and the Supplemental Form to your area coordinator.

Instructions for coordinators:

1. If an MCC Pledge Card is returned with a Book # of 9695 please make sure a supplemental foundation pledge card is completed before submitting.
2. Check with the donor if they did not check the “I DO want my name and address released to agencies I have designated to receive my gift” in the “My Name” section of the MCC Pledge Card. MCC cannot give UMBF the supplemental form if this box is not checked, and the gift must be directed to a general fund to benefit UM rather than the designated sub-account.
3. Make sure the donor has listed his/her name, department, and phone number on the form.
4. Double check to make sure the MCC Pledge Card has the Book # on it (9695).
5. Make sure the total pledged to the UMBF/Book # 9695 equals the total indicated on this Supplemental Card.

## Routing and Acceptance of Grant Applications

### Grant Submission

All grant proposals/applications must first be routed through the University of Maryland Office of Research and Development (ORD) according to the Policy on University Income and the Regents Policy on Affiliated Foundations. (See <http://www.ord.umaryland.edu/developprop/>)

It is highly recommended that the application be submitted to ORD at least 10 days before the sponsor deadline. If the grantor indicates that it requires a 501(c)(3) organization to administer the grant, an additional five days will be needed by UMBF to review and process the proposal.

ORD will review the grant specifications. If the sponsoring organization will make awards only to organizations that are tax exempt under Section 501(c)(3) of the Internal Revenue Code, ORD will release the grant to the University of Maryland Baltimore Foundation, Inc. (UMBF) to administer. The University of Maryland does not have this tax-exempt status, but UMBF does.

As part of the authorization process, ORD will forward the grant proposal along with a formal letter or email releasing the grant to UMBF. ORD will also forward the electronic signatures of the requesting schools' department head and/or Dean's office representative acknowledging their approval of the grant proposal. This confirms to UMBF that the proposal has been reviewed and approved by the appropriate parties within the Schools and by ORD.

Grants to be administered by UMBF must explicitly name the University of Maryland Baltimore Foundation, Inc. as the organization submitting the grant proposal. This should be stated in at least two locations in the proposal, such as:

- The title page or cover memo from UMBF
- In the body of the proposal
- On the budget pages of the grant proposal. The budget page also needs to state: ***Funds will be administered by the University of Maryland Baltimore Foundation, Inc.***

The UMBF Grant Coordinator will add the Foundation language to the proposal and budget, review the documents for accuracy, and prepare the cover letter for signature by the UMBF Treasurer & CFO. The Treasurer & CFO must also sign the budget page.

The UMBF will then return all required documentation to the School or Unit for submission to the granting organization. Upon request from the PI (Primary Investigator), UMBF will forward the letter and proposal directly to that organization retaining one copy for UMBF and forwarding a second copy to the PI.

The UMBF Grant Coordinator will maintain files of all proposal documentation and update the Grant Tracking spreadsheet with all relevant information as well.



## Grant Proposals Approved for Funding

If the grant is approved for funding, and if a Letter of Agreement is required, the Treasurer/CFO of UMBF will sign the original and return it to the granting agency, retaining a copy for UMBF files and sending one copy to the PI.

Upon receipt of funds, UMBF's Accountant opens a new current use account for the grant. This is done to ensure that grant funds can be segregated and to ensure accurate financial reporting. Checks are processed by the Office of Philanthropy Operations (UMBOP), deposited into the appropriate UMBF account, and gift receipts are mailed to the grantor. The UMBF Financial Operations Office drafts and routes an Account Agreement to the appropriate parties, including the Dean of the School, for signatures. Once approved by the School, the Account Agreement is returned to the UMBF Financial Operations Office, where it is then signed by the UMBF Treasurer and President. Upon completion of a fully executed (signed) Account Agreement, grant funds are available for expenditure through the normal disbursement process.

The UMBF Grant Coordinator will document dates for all deliverables due to the grantor. One month prior to the report due date, the Coordinator will send a reminder email to the PI. One week prior to the report due date, the Coordinator will send a follow up email to the PI and request a copy of the submitted report for UMBF files. The Coordinator will document date of report copy receipt on the Grant Tracking spreadsheet. If the report copy is not received within two weeks after the due date, a Foundation representative will notify the PI as well as the relevant Dean's office in writing.

When the grant period has concluded, the PI should send a final report to include narrative and financials to the grantor. If required by the Grant Agreement, any unused funds would be returned to the Grantor at this time. If funds are not required to be returned to the Grantor, within six months of the grant ending date, the Grant Coordinator will contact the PI and the School's accounting department notifying them that the fund balance should be used or transferred and the account should be closed.

## Special Fundraising Events

Special fund raising events are activities such as banquets, theater programs, golf tournaments, etc. designed to raise money for a particular purpose or program, where the attendee receives a benefit through his/her participation.

If you are conducting a special event and you would like to use a Foundation account for this purpose, you must:

- Submit all literature advertising the event to the Office of Philanthropy Operations (UMBOP) for review prior to printing the literature. The UMBF reserves the right to refuse deposits where the literature has not been submitted for prior review.
- All materials must include the following statement: ***Funds for this event/initiative are administered by the University of Maryland Baltimore Foundation, Inc.***
- Additionally, the price to participate in the event (which the IRS determines to be the fair market value) should be clearly identified. This is considered non-gift revenue and is not tax deductible.
- All benefits received by the purchaser have a fair market value. To determine the fair market value of the benefit, items such as the value of the food and beverage, entertainment, favors or giveaways, green fees, cart rentals, parking, etc., should be considered. The fair market value is the price an individual would be willing to pay to purchase a comparable item or attend a comparable event. Please note that this is unrelated to the cost of holding the event. In other words, even if the food is donated for the program, the IRS has determined that the attendee still receives a benefit, so the fair market value calculation is required.
- If the attendee chooses to make a charitable contribution over and above the fair market value of the event, the UMBOP will provide a gift receipt identifying the portion of their payment that is tax deductible.
- Suggested language for registration/ticket forms: ***The University of Maryland School of \_\_\_\_\_ has determined that the fair market value of these benefits is \$\_\_\_\_\_. Only the portion of your gift above this amount is considered a charitable contribution for tax purposes.***

## Auctions

Auctions may involve two gift transactions – one from the contributor of the auction item, and the other from the person who bids highest for the item (the winner).

Contributors of auction items may be issued gift-in-kind receipts for tangible goods if the item sells at the auction. Examples of tangible items include celebrity sports memorabilia, certain gift certificates, gift baskets, books, and artwork. Refer to the guidelines outlined in the Section “Gifts-in-Kind” to process these items. Certain items donated for auction may not be tax deductible in the eyes of the IRS, including legal, financial or other consulting services and use of a vacation home or time share. No gift receipts can be issued for these kinds of items.

Provided a fair market value for the item is publicly disclosed to those attending or bidding at that auction, and further provided the winning bid is in excess of that amount, the winner may claim a deduction (and the institution may count as a gift) any amount paid in excess of the fair market value. In such a case an appropriate quid pro quo receipt is required. Fundraisers are asked to:

- Send a copy of the listing detailing the fair market value of the items to the Office of Philanthropy Operations, preferably the published program and description OR the actual bid sheets (in the case of silent auctions).
- Send deposits (cash, checks or credit cards) from the event to the Office of Philanthropy Operations on the appropriate deposit form, identifying gift and non-gift portions.

Since auctions can be difficult to administer from both a fundraising and accounting perspective, we strongly encourage you to contact the Office of Philanthropy Operations at 6-8221 (Carolyn Bayle) or 6-1021 (Kathi Paradiso) when planning these events.

## Raffles

The UMB Foundation, Inc. will NOT accept any funds generated by raffles.

## Disbursement Policies and Procedures

It is essential that the Foundation and University of Maryland personnel work together as custodians and stewards of donated funds to ensure that the utmost care is taken in processing disbursements from University of Maryland Baltimore Foundation, Inc. (UMBF) accounts. There have been many instances of questionable use or the appearance of misuse at other institutions that have been exposed in the media. This attention can be extremely detrimental to any fundraising campaign. We must avoid even the slightest appearance of impropriety or abuse. Funds held in the Foundation must be spent for educational purposes. An ideal test for suitability of use of funds is the following questions:

- Would the donor be pleased to have his/her gift spent in this manner?
- Would he/she contribute again knowing the gift was spent in this manner?
- Would the Baltimore Sun report this expenditure as being one that helps accomplish the University's educational mission?

All disbursements (expenditures) from UMBF accounts must meet the following three criteria:

- Must be expended for the benefit of the University of Maryland.
- Must be spent in accordance with donor stipulations.
- Must comply with federal and state reporting regulations (e.g. IRS).

The Foundation complies with Internal Revenue Service regulations. As such, all expenditures must be made according to an "Accountable Plan." The term "Accountable Plan" was developed by the IRS to establish rules that define legitimate expenses. A qualified Accountable Plan requires all expenditures to:

- Have a bona-fide business purpose.
  - The IRS may view an expenditure as providing a personal benefit if there is any doubt concerning its business purpose. Although the implication of the business purpose may be evident, specific documentation of business purpose is required for each expenditure.
  - The Foundation will not pay for expenditures that are deemed to be lavish or extravagant.
- Be properly substantiated.
  - The Foundation will NOT reimburse for expenditures if the original receipt is not submitted.
  - Exceptions:
    - Business use of a personal vehicle at the standard mileage rate.
    - Incidental tipping.
    - Per Diem amounts for meals, etc. as defined by State/University policies & procedures.
    - Expenditures that are partially reimbursed by the State/University
- Be accounted for on a timely basis.
  - The Foundation will not reimburse expenditures that are more than six months old.

## Disallowed Expenditures

The following is a list of specific items that may NOT be paid from Foundation accounts:

- Personal expenses (e.g. meals for a spouse).
- Purchase or maintenance of equipment located at a home or another off-site location is not permitted without approval of the President, Dean or Vice President.
- Political contributions.
- Items that may create a perception of misuse or inappropriate use of charitable donations.
- First class airline tickets and airline travel clubs.
- Loans to university employees or any other individual.
- Payments for fines, penalties, or finance charges.
- Donations to other charitable organizations (501©3 required) unless it is given as an expression of condolence or sympathy and for a de minimus amount.
- Items that are not in compliance with the policies and procedures of the University System of Maryland.
- Items that do not comply with stipulations established by a granting agency.

**NOTE:** Any “staff only” event, activity, or meal **MUST** be approved by the dean’s office before it is submitted for payment.

### Mortgage Assistance

- Due to IRS filing and reporting requirements, and other compliance considerations as a 501c3, The UMB Foundation prohibits the use of any foundation funds for assistance in meeting homeowner mortgage obligations, and any/all varieties of mortgage assistance programs, including all requests made for the benefit of borrowers. The UMB Foundation management reserves the right to refuse any disbursement request which is deemed questionable.

## General Disbursement Policies

Submit all requests for expenditure disbursements on a University of Maryland Baltimore Foundation, Inc. three-part DISBURSEMENT REQUEST FORM, which is available from the Foundation Office.

This form is also available online at <http://www.umaryland.edu/philanthropy/devservice/umb-foundation/index.asp>. Please complete the form on your computer; print the form and obtain the appropriate signatures; submit the original and one copy to the Foundation Office, and retain a copy for your files.

The form must be completed in its entirety and include the following:

- Purpose – provide a detailed explanation of the purpose of the expenditure and how it benefits the institution. This should include the business purpose of a luncheon, the attendees, etc.
- Documentation – include ORIGINAL supporting documentation to support the disbursement request. Copies, faxes, Account Statements are not acceptable.
- Approval – the request form must be signed by at least two individuals:
  - The person making the request (i.e. the one who completes and submits the form), and
  - The person designated in the Account Agreement who is authorized to approve expenditures.
  - The person who approves the request must initial any changes made to the information on the Disbursement Request Form.

If the form is not complete, it will be returned (via campus mail) in its entirety to the originating party with a UMBF, Inc. Disbursement Return form indicating the reason it is being returned.

Disbursement Request Forms received at the Foundation's business office by 4:00 p.m. on Thursday will be processed so that the check will be available for pickup in our office by 2:00 p.m. on the following Wednesday.

The Accounts Payable Associate performs the following functions:

- Ensures that the appropriate documentation is attached.
- Ensures that the donor restrictions have been satisfied.
- Applies the appropriate General Ledger Accounting code to the expenditure.
- Confirms that authorized signers have approved the expenditure.
- Ensures that the expenditure is in compliance with various governing bodies including the USM Board of Regents, the Internal Revenue Service, the Secretary of State of Maryland, the Comptroller of Maryland, the Maryland State Ethics Commission, and Generally Accepted Accounting Principles (see the "Governing Bodies" section of this manual).
- Classifies each disbursement into one of three IRS prescribed categories: Program, General & Administrative, and Fundraising.

- Enters Disbursement Requests into the Accounting System.
- Generates and distributes checks.

Two signatures are required for checks over \$5,000.00.

- Emergency Checks – the Director of Finance and the Treasurer have the authority to approve a request for emergency checks. This should happen only in times of true emergency and should be considered as not cost effective to your organization. The ability to produce an emergency check will also depend on the availability of an authorized signer(s)
- Purchase Orders – we recommend that you follow University of Maryland guidelines regarding purchases made from UMBF accounts

#### Process of Requesting Expedited/Emergency/Manual Check

- UMB Foundation Officers (or their designees) must pre-approve requests for emergency or expedited disbursements. The School's Dean's office and/or Director of Finance should be consulted first, in order to evaluate the necessity for the expedited check request (prior to any school's communication to the foundation). The foundation's ability to produce an emergency check depends on numerous factors, including the availability of an authorized signer(s), department staffing coverage, weekly volume, and other timely audit/control process constraints and as such not all requests are able to be accommodated/approved. If UMB Foundation management determines an expedited request is able to be accommodated/approved, the requestor will be notified when the check is released for pickup/and or ready to be mailed.

## Meals and Entertainment

Meals & entertainment include restaurants, sporting events, hotel accommodations, catered food & beverage, etc. and expenses are reimbursable when incurred for a bona-fide business purpose in support of the University.

A request for reimbursement for Meals & Entertainment expenditures must include the following:

- Detailed receipt itemizing charges for each expenditure.
- Date of the activity.
- Place and description of the entertainment (if not evident from the receipt).
- Business purpose for the expense (e.g. “to discuss budget for cancer research project”).
- Name and affiliation of all attendees.

Meals & Entertainment for spouses or other family members will generally not be reimbursed unless there is a compelling justification (e.g. entertaining a donor whose spouse accompanies him/her or when the presence of the employee’s spouse is considered helpful in the fundraising effort).

Payment will be denied for reimbursement for Meals & Entertainment that are considered lavish or extravagant.



## Travel

An approved University of Maryland or UMBF travel expense report must accompany the Disbursement Request form. An itinerary with a brief description of the business activity for each day must be documented. If the travel relates to attendance at a conference, a copy of the brochure will suffice.

Travel advances are permitted following the same rules established by the University. Include a copy of the approved Travel Authorization form and an explanation of the reason for the advance request. In addition, the travel advance must comply with Internal Revenue Code regulations that stipulate the following:

- Travel advances cannot be provided more than 30 days prior to departure.
- Substantiation of expenses (receipts) must be turned in within 60 days.
- Excess travel advance must be returned within 120 days of travel.

**NOTE:** The Foundation is required to issue a 1099 to the recipient for the amount of the travel advance if the substantiation of the expenses is not received within the prescribed time.

### *Itemization of travel expenditures*

- Hotel
  - Must be the original invoice that itemizes the charges.
- Meals
  - USM approved per diem rate.
  - If actual meal expenses exceed the per diem rates and they are not considered lavish or extravagant, provide the original receipts for reimbursement of actual expenses.
- Mileage
  - USM approved Standard Mileage Rate for automobile expenses.
  - See <http://www.fincsvc.umaryland.edu/travel/mileage.cfm>
- Airline
  - Submit the original airline travel passenger receipt (i.e. the boarding pass) and the original travel agency or airline invoice that shows the amount paid for the fare.
  - With its responsibility to judiciously steward all private funds, the Foundation will reimburse air travel at the most economical rate. Employees (faculty and staff) are expected to select the least costly mode of air travel consistent with the itinerary and particular business involved. Exceptions must be requested in advance and are subject to review in circumstances involving international travel or when medically necessary and documented by a healthcare provider. Upgrades at the expense of the Foundation are not permitted. Baggage fees are allowable and reimbursable for up to two bags.
- Currency
  - Convert foreign travel expense to US dollars using one of the following guidelines:
  - Historical exchange rate on the date expense was incurred. See [www.aonda.com/convert/fxhistory](http://www.aonda.com/convert/fxhistory)
  - Amount posted to your credit card statement, if applicable.

- Foreign currency exchange rate (i.e. converted U.S. dollars).
- Spouses
  - Expenses relating to a spouse or family member are generally not reimbursed by the Foundation. In order to qualify, the spouse's business involvement must meet the Internal Revenue Code regulations with respect to spousal travel.
  - See IRS Publication 463 at <http://www.irs.gov/pub/irs-pdf/p463.pdf>
- Personal
  - A reasonable allocation must be made for any portion of the expenses of travel that are not related to the business purpose.
  - This portion of the expenses will not be reimbursed by the Foundation but may be deductible for tax purposes if the purpose of the trip is primarily business related.
  - See IRS Publication 463 at <http://www.irs.gov/pub/irs-pdf/p463.pdf>.

## Independent Contractors

An independent contractor is a person who provides the same or similar services to other entities or to the general public as a part of a trade or business. Examples of independent contractors are consultants and honoraria.

Prior to approval by the UMB Foundation, proof of the Dean's or the Dean's designee's knowledge and awareness of the proposed contract must be sent to the Foundation by email, FAX, memorandum, or by the Dean's/designee's initials on the contract itself.

The classification of a payee as an Employee versus an Independent Contractor is critical; however, the distinction is not always clear. Please contact the Foundation before you make a commitment to pay an individual for personal services of any kind. The Foundation does NOT make payroll disbursements; therefore, ALL payments to employees (other than expense reimbursements) must be made through the state payroll system. If appropriate, a Foundation account can then reimburse the state account from which the payroll disbursement was made.

### *Required Documentation*

- Copy of Independent Contractor Agreement (UMBF has a standard form that is recommended but not required).
- Invoice from the Contractor (not required if the payee is a Guest Lecturer).
- Completed and signed form W-9, Request for Taxpayer Identification Number and Certification

**NOTE:** If the payee is NOT a U.S. citizen, additional documentation is required. See the section regarding payments to Non-Resident Aliens.

### *Tax issues*

- A completed IRS Form W-9, Request for Taxpayer Identification Number and Certification must be executed for each person paid from the Foundation as an Independent Contractor. The payee's legal name, social security number, home address, and signature must be included on the form.
- Payments for services to non-employees (i.e. Independent Contractors) are reported to the recipient and to the IRS each year in January on form 1099-MISC.

## Employees

As stated above, the Foundation is not equipped to make payroll disbursements; therefore, ALL payments to employees (other than expense reimbursements) must be made through the state payroll system.

### ***Faculty & Staff Awards, Bonuses, etc.***

Payments made to university employees as bonuses, awards, or for services outside of their normal duties must be included on the employee's IRS form W-2. Therefore, all such payments must be made through the State (University) payroll system. A Foundation account can then reimburse the State (University) account from which the payroll was disbursed.

### ***Gifts/Achievement Awards***

Gifts to employees are discouraged and may violate Maryland State Ethics Commission laws. Foundation policy allows for reimbursement of tangible (non-cash) employee gifts that are de minimis (valued at \$25.00 or less and given on an infrequent basis). Such gifts will NOT be included in the recipient's taxable income.

### ***Flowers/Memorial Contributions***

Flowers may be sent as an expression of sympathy related to the hospitalization of, or as a memorial for an employee and his/her relative or a donor as long as the amount is reasonable as determined by the Foundation. Memorial contributions to charitable organizations in lieu of flowers are acceptable. The limit on flowers/memorial contributions is \$50.00.

### ***Gift Certificates***

The use of UMB Foundation funds for the purchase of gift cards is prohibited as a form of payment or as a gift to UMB employees. This policy applies to both direct payment for employee gift cards and/or reimbursement for the purchase of employee gift cards.

This policy update ensures compliance with IRS tax reporting requirements for cash equivalent payments. Gift cards are considered a cash equivalent by the IRS, therefore gift cards in any denomination do not qualify for treatment as "nontaxable de minimis fringe benefit" for employees, as they are considered to be additional compensation. Gift card purchases for employees using foundation funds is not permitted, and therefore there can be no exceptions.

The use of gift cards for non-employees (e.g., research participants and other survey respondents) are not within the scope of this policy, but in all cases, prior approval by UMB Foundation management and use of an appropriate funding source is required.

### ***Personal Gifts***

Foundation funds should not be used to pay for personal gifts such as gifts for Secretary's Day, a baby shower, a wedding, etc. These items provide a personal benefit to the recipient. As such, the expenditures are not made for a bona-fide business purpose as defined by IRS regulations.

### ***Staff Meetings, Luncheons, etc.***

Foundation funds may be used to pay expenses for staff meetings, business luncheons, etc.

### ***Fringe Benefits***

As a general rule, Fringe Benefits are taxable unless specifically excluded by IRS code/regulations.

- The Foundation can reimburse a University/state account or pay an individual directly for Fringe Benefits that are exempt from taxable income.
- Fringe Benefits paid by the employer that are NOT tax exempt must be included in the employee's form W-2. Therefore, all Fringe Benefits must be paid/administered under the university/state accounts.
- Business related benefits are not considered taxable to the recipient and therefore, they may be paid by the Foundation (including business meals, business trips, business-related dues & memberships, etc.).

### ***Cellular Phone Costs***

The Foundation will not pay for the purchase of a cellular phone. The Foundation will, however, pay for the cost of business-related cellular calls.

### ***Non-Resident Aliens***

Making payments to non-resident aliens, whether it is for honoraria, consulting fees, travel expense reimbursement, or any other university-related purpose, is subject to many complex laws and restrictions (IRS, INS, etc.) and special documentation is necessary. For this reason, it is **HIGHLY** recommended that you process payments to non-resident aliens through the University/state accounts since UM Administration is staffed with personnel who have expertise and systems in place to process these transactions. The Foundation account can always reimburse the state account from which the payments were made.

If you choose to pay a non-resident alien directly from a Foundation account, be aware of the following issues:

- Is the payment legal?
  - Immigration & Naturalization Service (INS) See [www.usimmigrationagency.org](http://www.usimmigrationagency.org)
  - A variety of VISA types are issued to non-resident aliens. The types identified below are the most common to the Foundation/University:
    - B-1 or B-2 entry status. A non-resident alien with B-1 or B-2 entry status can generally
    - F-1 entry status. Persons with this status generally can be paid compensation if the USM institution that is requesting the payment sponsors the F-1 VISA and if certain other required documentation is provided.

- J-1 entry status. Persons with this status generally can be paid compensation if the USM institution that is requesting the payment sponsors the F-1 VISA and if certain other required documentation is provided.
- Is the payment taxable?
  - Internal Revenue Service (IRS) [www.irs.gov](http://www.irs.gov)
  
  - *Tax withholding* - The general rule for taxation of payments to non-resident aliens (except for business expense reimbursements) is to withhold 14% of scholarship payments and 30% of all other types of payments. These rules apply to all compensation for independent personal services (i.e. other than employees) such as honoraria to visiting lecturers, consultants and independent contractors.
  
  - *Identification Number* – A non-resident alien must have a U.S. social security number or ITIN (Individual Taxpayer Identification Number) in order to receive compensation for dependent personal services. Social security numbers are only provided if the non-resident alien is acting in the capacity of an employee of the university. It can take up to six weeks to obtain an ITIN so it is recommended that the application be made well in advance of the disbursement request. For more information about an ITIN, see <http://www.irs.gov/individuals/article/0,,id=96287,00.html>.
  
  - *Treaty Benefits* – A tax treaty with another country typically provides exemption of federal tax on U.S. source income to the non-resident alien. In order to claim tax treaty benefits, a social security number or ITIN must be provided, regardless of VISA status.
  
  - IRS Tax Forms – Form 1042-S will be prepared by the Foundation and submitted to the IRS and mailed to the taxpayer in January for the previous calendar year showing the total compensation paid, any tax withheld, and any applicable treaty benefit. Form 1042-S can be viewed and printed at <https://www.irs.gov/pub/irs-pdf/f1042s.pdf>

## Students

Payments to, and for the benefit of, students can be for scholarships, awards, employment-related, or for reimbursement of expenses.

### *Scholarships*

Scholarships are payments made to assist in retaining students with no reciprocal benefit to USM. Payments for services rendered are considered compensation and cannot be paid from a Foundation account, even if it is called a scholarship.

- **Taxability** – In accordance with IRC Section 117, scholarships for tuition, books, and fees are not taxable.
- **Procedures** – A Foundation check can be made payable to the University tuition account or directly to the student. The Disbursement Request form for a direct payment of a Scholarship must include the recipient's name, social security number, academic year, and the award notification document/letter.

### *Awards*

Awards are designed to recognize achievement. Awards to recognize academic achievement may be paid directly to the student. An IRS Form W-9 as well as the notification letter must accompany the Disbursement Request form. Awards paid to students are taxable and reported on form 1099 each calendar year pursuant to IRC section 74.

### *Services Rendered*

If a student is employed at the university (e.g. teaching assistant), the student is considered an employee and cannot be paid directly from a Foundation account. Typically, the student/employee would be paid on the University of Maryland payroll system. A Foundation account could then reimburse the university/state account from which the payroll was disbursed.

### *Travel Expenses*

Student travel falls into two categories:

- **University Representative** – If the student is representing the university (e.g. when assisting in a research project), the student is treated as if he/she were an employee and travel expenses must comply with the rules listed in the section above entitled "Travel."
- **Student Academic Program** – If the student is traveling related to the student's academic program, a payment for travel expenses would be considered a scholarship and it would be subject to the rules for scholarships referred to above and the payment may be taxable to the student.

## Payroll, Loans/Advances and Fixed Assets

### ***Payroll***

The University of Maryland Baltimore Foundation, Inc. is not staffed to administer the complex process of recording and maintaining payroll. The Foundation is also not insured to protect itself, its staff, and its trustees from the exposure relating to the myriad risks that are associated with an employer/employee relationship. Therefore, all payments to employees must be made outside of the Foundation (i.e. typically through the university payroll system). As always, the Foundation account can reimburse the University/state account from which the payroll was disbursed.

### ***Loans/Advances***

As an IRS code section 501(c)(3) organization, the Foundation will not make loans or advances with or without interest. If loans were made with interest, the profits generated from the lending activity are not in accordance with the stated mission of the Foundation. In addition, the Foundation may need to file a tax return (Form 990T) and pay tax on these profits. If the loans were made without interest, there would be a “private inurement” which is not permitted.

### ***Fixed Assets (Equipment, Furnishings, etc.)***

Assets purchased from Foundation accounts must benefit the University and usually become the property of the University upon acquisition. The Foundation reports all fixed asset purchases to the appropriate USM office so that the items can be properly tagged, recorded, insured, and maintained. All fixed assets are transferred to the University of Maryland because the Foundation does not have the systems to manage and insure them.

In order to transfer ownership of fixed assets to the University of Maryland, a completed *Donation to Inventory Form* must be submitted with the Disbursement Request Form for all fixed asset purchases \$5,000.00 and over AND any computer equipment purchases, regardless of cost.

On a rare occasion, a donor will contribute fixed assets to the Foundation. This non-cash gift is covered in Gifts In-Kind.



## UMBF Check Signing Authority

The following people are authorized signators on the checking accounts for the Foundation:

Thomas Sullivan

Pam Heckler

### *Required Signatures*

- Checks under \$5,000 require one authorized signature.
- Checks of \$5,000 or more require two authorized signatures.

## Sales Tax Policies

### *Items sold by the Foundation*

The Foundation may accept the proceeds from the sale of merchandise relating to fundraising activities (such as books, tapes, shirts, etc.). The Foundation should be contacted prior to the sale to ensure that taxable Unrelated Business Income is not being generated. That is, the fundraising program should pertain to the activities and mission of your department; otherwise, the IRS will assess federal Income Tax on the net income from the sales.

Note the following information relating to the sale of fundraising merchandise:

#### Taxable Sales

- All sales within the state of Maryland are subject to a 6% sales tax. It is not necessary to add the tax to the sale because we will impute the tax. For example, if you charge \$100.00 for an item, the taxable sale amount is \$94.34 and the Maryland Sales Tax amount is \$5.66 (6% of \$94.34).
- We compute the appropriate Maryland Sales Tax and remit it to the state on a quarterly basis and charge the appropriate Foundation where the proceeds of the sales were deposited.
- If you submit a Disbursement Request to purchase such items for resale, please note on the form that they are for resale so that we can match the expense to the revenue generated from the sale of the items. These items are distinguished from “giveaways” for which we do not charge state sales tax.

### *Items Purchased for the Foundation*

#### Sales Tax Exempt Purchases

- When purchasing taxable items for your department present a “Comptroller of Maryland Sales and Use Tax Exemption Certificate.” If you do not have a certificate on file please contact UMBF, Inc. at x6-2696 (Robin Boston) to get a copy.
- Also, remember to ask for tax exemption at restaurants where business meetings are held as well as with caterers for campus events. They will need to see the “Comptroller of Maryland Sales and Use Tax Exemption Certificate” in order to exclude the sales tax charge from your bill.
- Please be careful not to share this certificate with others as its use is restricted to Foundation expenditures and sharing it opens up the possibility of misuse which could jeopardize the Foundation’s sales tax exemption status.

# Disbursement Request Form



UNIVERSITY of MARYLAND  
BALTIMORE FOUNDATION, INC.

220 N. Arch Street, 13th Floor, Baltimore, MD 21201

## DISBURSEMENT REQUEST FORM

Date: \_\_\_\_\_

Account Name: \_\_\_\_\_ Account #: \_\_\_\_\_

Payable To: \_\_\_\_\_

If Payable to UMB: SPAC #:

OR

Chart of Accounts for Quantum (SOAPF)\*:

Source	Organization	Object	Activity	Purpose	Function
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Is payee on State Payroll?

Yes  No

Address: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Form W-9 Attached

Purpose: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Business purpose(s) for which the check is being requested.

Check Amount:

- Attach ORIGINAL documentation, (e.g., invoices, itemized, travel documents, letters)
- Disbursement policies & procedures and forms are available on [www.umaryland.edu/philanthropy/devservice](http://www.umaryland.edu/philanthropy/devservice)

**CHECK REQUESTS FOR THE CURRENT WEEK WILL BE ACCEPTED THROUGH WEDNESDAY C.O.B.**

Authorized signatures certify the propriety of the expenditure, that the funds are being used in accordance with the account agreement and memorandum of understanding or grant agreement, that payment will not be made from another source, and with the understanding that UMBF is the fiscal agent of the funds but the responsibility of compliance lies within the School/Unit.

Requested By: \_\_\_\_\_ Approved By: \_\_\_\_\_

Name/Title: \_\_\_\_\_ Name/Title: \_\_\_\_\_

Phone: \_\_\_\_\_

Approved By: \_\_\_\_\_

Approved By: \_\_\_\_\_ Name/Title: \_\_\_\_\_

Supervisor approval for reimbursement of personal business-related expenses of UMB employees per UM Policy VIII-14.00(A)

**FOR FOUNDATION USE ONLY**

Expense Code	\$ Amount	Expense Code	\$ Amount
_____	_____	_____	_____
_____	_____	_____	_____
			<b>Total: \$</b> _____

## Request for Additional Information Form

Grab from Dev Services

## Contractual Agreements

The President, University of Maryland Baltimore Foundation, Inc. is delegated the authority to approve contractual agreements.

Prior to approval, proof of the Dean's or the Dean's designee's knowledge and awareness of the proposed contract must be sent to the Foundation by email, a fax, memorandum or by the Dean's/designee's initials on the contract itself.

The Treasurer, University of Maryland Baltimore Foundation, Inc. is delegated the authority to approve contractual agreements up to a value of \$5,000.

All contracts paid through the Foundation must be written between the University of Maryland Baltimore Foundation, Inc. and the contractor.

ONLY the appropriate Foundation officers may sign all contracts.

## Independent Contractor Agreement

Grab from dev services

## Endowed Funds

Endowed funds are created from donor gifts that are accepted with the stipulation that the donor intends the fund to exist in perpetuity (forever). Gifts to the endowment are pooled together and invested for the long term so as to generate a stream of income and to maintain the buying power of the fund. The UMBF Board of Trustees has set \$25,000 as the minimum funding level for an endowment, although Schools may set higher funding levels for specific purposes (e.g., endowed professorships).

Once the fund has reached the required minimum and has been invested for an appropriate period, a portion of the value of the fund, generally 4% - 5%, is expended to benefit the program or activity designated by the donor. UMBF captures 2% for management and administrative fees, and any additional earnings are returned to the fund to ensure growth and protect against inflation.

Schools/Units may establish their own higher minimums for various types of endowments. For example, the School of Medicine has determined that the minimum funding level for an endowed professorship is \$1.5 million, while the amount required for an endowed professorship in the School of Social Work is \$1 million.

Endowments are allowed a five-year period to achieve the minimum required level. If, at the end of five years, the fund has not reached the required minimum, UMBF will notify the appropriate Chief Development Officer (CDO) that the funding period has expired. The CDO (or designated Development Officer) should then contact the primary donor(s) if possible to ascertain their intention/preference for use of the endowment (either revert to current use or transferred to another endowed fund.) If warranted and agreed to by the President of UMBF, the funding period may be extended up to two additional years.

If donor preference is not obtained and/or the funding period is not extended, the UMBF Board of Trustees, after consultation with the President of UMBF and the Dean of the School, will determine whether the total amount donated will be combined in a general endowment fund or revert to current use to be expended for the original donated purpose.

The Board reserves the right to modify the name of the Fund pursuant to University policy concerning appropriate names for gifts to the University or the UMBF. Naming opportunities undergo a high level of consideration and due diligence to ensure that the name comports with the purpose and mission of the University, the School, and the Foundation. No naming shall be permitted or continued for an entity, individual, or group whose public image, reputation, products or services are found by the President of the University, with approval of the President and Chair of UMBF, to be in conflict with such purpose and mission.

For assistance with establishing an endowed fund or drafting an MOU, contact the Office of Philanthropy Operations at 6-8221 (Carolyn Bayle) or 6-1021 (Kathi Paradiso).

## Endowment Investment Policy

UMBF endowed funds are invested and managed in accordance with a contract with the University System of Maryland Foundation, Inc. (USMF).

Endowed funds are invested for the long term in a diversified portfolio that is managed by investment firms chosen by the USMF Investment Committee for their experience, expertise, and performance effectiveness. An asset mix is selected with the objective of earning a total return that will be adequate to cover inflation, fees and spending. The target asset allocation is closely monitored and adjusted as necessary by the USMF Investment Committee.

Three members of the UMBF Board of Trustees serve on the USMF Investment Committee, attending approximately seven meetings each year. These individuals participate in that Committee's decisions and, as members of the UMBF Finance Committee, report regularly to the UMBF Board on the Committee's actions and results.



## Administration of Endowed Funds

By action of the UMBF Board of Trustees on June 29, 2004, and effective January 1, 2005, the UMBF requires \$25,000 as the minimum funding level for an Endowment.

To document the establishment of endowed funds, the Donor(s) must complete a Memorandum of Understanding (MOU). This legal document summarizes the joint understanding and agreement as to the name, purpose and administration of the fund, how the endowment will be funded, and donor preferences as to recognition. The Donor(s), Dean of the School or Vice President of the Unit, President of the University and President of UMBF sign three originals, and once fully executed, an original is sent to the Donor and the School/Unit. UMBF keeps the third original in its permanent files.

A Sample MOU and MOU Worksheet are available on the UMBF Forms page at <http://www.umaryland.edu/philanthropy/devservice/umb-foundation/index.asp>

In cases where the endowment is established from a bequest and the donor is deceased, an MOU is not required and other documentation (such as the last will and testament of the donor) will be used.

## Endowment Spending Policy

The members of the UMBF, Inc. Finance Committee adopted the following UMBF FY 2020 Endowment Spending Policy at a meeting on March 13, 2019, and the policy was approved by the full UMBF Board of Trustees on April 25, 2019.

The UMBF, Inc. Finance Committee reviews this policy each year to determine that the policy is appropriate under prevailing market conditions.

### ***FY2020 Endowment Spending Policy***

The Spending Policy calculation uses a 20-quarter moving average of market value and the prior year's Spendable Income rate adjusted by the Higher Education Price Index (HEPI). These two numbers are then blended, weighting the market value average at 30% and the adjusted Spendable Income at 70%. The calculated spending rate, based on 12/31/2018 market values, is 4.23%.

Because of conservative estimates of future market returns, the Board recommends the following endowment spending guidelines for FY 2020 by endowment category:

- ***Full*** – 4.0% spendable income for endowments in which market value is at least 5.65% greater than historic gift value.
- ***At Risk*** – Minimum of 2.25% spendable income or prorated spendable income, whichever is higher. At risk endowments are those in which the difference between market value and historic gift value is less than 5.65%.
- ***Under Water*** – 2.25% spendable income for those endowments that are no more than 5.0% underwater; no spending for endowments more than 5% underwater. Underwater endowments are those in which market value is less than historic gift value.

UMBF policy stipulates that Spendable Income be awarded on a prorated basis to those funds that have reached the minimum funding level and been invested for 3 months or longer as of 12/31/2018. Funds invested between 1/1 and 3/31 will receive 75% of calculated Spendable Income; funds invested between 4/1 and 6/30 will receive 50% of calculated Spendable Income; and funds invested between 7/1 and 9/30 will receive 25% of calculated Spendable Income.

### ***Policy on Donor Requests for Memorandum of Understanding Modification Re: UMBF Inc. Spending Policy***

At the meeting on March 10, 2011, the UMB Foundation Audit and Finance Committees adopted a policy establishing \$100,000 as the minimum endowment level under which the spending policy may be amended. Any requests of this nature would require approval of the UMBF Audit and Finance Committees.

## Endowment Terminology

<b>Accumulated Investment Earnings</b>	<p>Includes interest, dividends and realized and unrealized gains and losses, less spendable income award disbursements, investment management fees and administrative fees, since the inception of the fund. Accumulated Investment Earnings will be accounted for separately from Corpus and will be maintained separately for each individual fund.</p>
<b>Administrative Fee</b>	<p>A percentage of the June 30th market value of the Pooled Fund. The Administrative Fees are used to fund the Foundation's annual operating budget. <i>The Foundation annually assesses each endowment account a fee for endowment operating and administrative expenses at the rate of 2% of the market value of assets managed at year end.</i></p>
<b>Historic Gift Value</b>	<p>The sum of all contributions and/or transfers into the Endowment Fund; does not include interest earnings, realized gains or unspent spendable income.</p>
<b>Market Value</b>	<p>Current market price of a fund</p>
<b>Memorandum of Understanding (MOU)</b>	<p>A legal document summarizing the joint understanding and agreement between the donor, the School, the University, and the Foundation as to the name, purpose, funding and administration of the Fund.</p>
<b>Pooled Fund</b>	<p>Consolidation of all Foundation endowment funds for investment purposes.</p>
<b>Spendable Income</b>	<p>Amount of money available for expenditure to support the purpose for which the Endowment Fund was established. It is a computed amount based on the endowment portfolio's total return and is calculated using the 12/31 market value of the Fund. If spendable income (SI) criteria are met, funds become available for expenditure the first day (July 1) of the next fiscal year. SI is currently banded at 4-5% of the 12/31 market value.</p> <p>Criteria that must be met before Spendable Income becomes available:</p> <ul style="list-style-type: none"><li>• The Fund must have a minimum Market Value of \$25,000 or other specified minimum. This can be accomplished with gifts or market appreciation.</li><li>• The Fund must be invested for the minimum time required and the Market Value must be the Historic Gift Value.</li><li>• A fully executed Memorandum of Understanding (MOU) must be obtained prior to disbursement of a Spendable Income award.</li><li>• A fully executed Account Agreement must be obtained prior to disbursement in order to establish signature authority on disbursements.</li></ul>

**Unit Value**

The standard of measurement for the Pooled Fund. Each individual fund owns a specific number of units, which have a value based on when the donated funds were deposited and the unit value at that time. Current unit value is calculated by dividing the total market value of the Pooled Fund by the total number of outstanding units. New deposits purchase units and disbursements decrease the number of units. The custodian bank for the Pooled Fund calculates unit value on a daily basis.

## Endowment Stewardship Policy

The University of Maryland Baltimore Foundation, Inc. (UMBF) is committed to ensuring that gifts made in support of the University are used according to the stated wishes and expectation of the donors. Donors have the right to expect that the UMB Foundation will be a good steward— that it will be accurate and truthful, both in presenting the need for current gifts and in reporting the use of major gifts, particularly endowments, entrusted to the Foundation’s care.

### ***Stewardship Description***

To execute this stewardship requirement, UMB Schools/Units will send endowment reports to donors annually. Minimally, these reports will include the following:

1. Name of fund, date established and purpose of endowment

Financial information about the endowment investment portfolio and fund performance (market value, distributions/spendable income, etc.)

2. Information as to how distributions were spent:
  - a. *For Scholarship Funds* - student recipient name, hometown, major and class year (assuming student permits release of information).
  - b. *For Professorship/Chair Funds* - name of chair holder, credentials, current activities and accomplishments for previous fiscal year.
  - c. *For Lectureship Funds* – name of lecturer, date of lecture, and other lecture information.
  - d. *For Fellowship Funds* – student recipient name and other pertinent information.
  - e. *For Programmatic/Research Funds* - detailed use and the impact on the program and/or the students.

### ***Accountability***

The Board of Trustees of the University of Maryland Baltimore Foundation, Inc. will assure compliance with the letter and the spirit of best stewardship practices. The UMBF Audit and Finance Committees will be provided with a detailed status report annually at the October meeting. Subsequently, the full UMBF Board of Trustees will receive a summary report at the annual meeting each October.

UMB Foundation staff will prepare a stewardship template for the Schools/Units that provides items 1 and 2 above; the Schools/Units are responsible for completing item 3 and sending reports to MOU Signers and/or major donors.

Prior to mailing stewardship reports, School/Unit Stewardship Coordinators are required to submit samples (minimum of 5) to the Director, Philanthropy Operations, and Donor Relations to confirm that financial information is accurate and conforms to Board-stipulated reporting requirements. Any reports being sent to UMBF Board of Trustee members MUST be reviewed by the Director, Philanthropy Operations and Director, UMB Foundation Relations.

***RESOLUTION of the UMBF BOARD OF TRUSTEES Adopted on June 21, 2006 and updated on June 3, 2010***

## Donor Bill of Rights

The University of Maryland Baltimore Foundation, Inc. adheres to the Donor Bill of Rights. The Donor Bill of Rights was created by the American Association of Fund Raising Counsel, Association for Healthcare Philanthropy, the Association of Fundraising Professionals, and the Council for Advancement and Support of Education. It has been endorsed by numerous organizations.

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 ensure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the nonprofit 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 its 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 donation 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.

## Policy on Required Minimums for Endowed Funds

Endowed funds are created from donor gifts that are accepted with the stipulation that the donor intends the fund to exist in perpetuity (forever). Gifts to endowment are pooled together and invested for the long term so as to generate a stream of income and to maintain the buying power of the fund. The UMBF Board of Trustees has set \$25,000 as the minimum funding level for an endowment, although Schools may set higher funding levels for specific purposes (e.g., endowed professorships).

Once the fund has reached the required minimum and has been invested for an appropriate period, a portion of the value of the fund, generally 4% - 5%, is expended to benefit the program or activity designated by the donor. UMBF captures 2% for management and administrative fees, and any additional earnings are returned to the fund to ensure growth and protect against inflation.

Schools/Units may establish their own higher minimums for various types of endowments. For example, the School of Medicine has determined that the minimum funding level for an endowed professorship is \$1.5 million, while the amount required for an endowed professorship in the School of Social Work is \$1 million.

Endowments are allowed a five-year period to achieve the minimum required level. If, at the end of five years the fund has not reached the required minimum, UMBF will notify the appropriate Chief Development Officer (CDO) that the funding period has expired. The CDO (or designated Development Officer) should then contact the primary donor(s) if possible to ascertain their intention/preference for use of the endowment (either revert to current use or transferred to another endowed fund). If warranted and agreed to by the President of UMBF, the funding period may be extended up to two additional years.

If donor preference is not obtained and/or the funding period is not extended, the UMBF Board of Trustees, after consultation with the President of UMBF and the Dean of the School, will determine whether the total amount donated will be combined in a general endowment fund or revert to current use to be expended for the original donated purpose.

For assistance with establishing an endowed fund or drafting an MOU, contact the Office of Philanthropy Operations at 6-8221 (Carolyn Bayle) or 6-1021 (Kathi Paradiso).

*Adopted by the UMBF Board of Trustees on June 16, 2011.*

## Planned Giving

### Guidelines for the Identification and Solicitation of Planned Gifts and Bequest

It is in the interest of all the component institutions of the University of Maryland to identify individuals who wish to make planned gifts and bequests to support the broad array of program initiatives at each of the schools, as well as to strengthen our endowment. Deans and their development staffs are encouraged to identify and cultivate prospects and donors who have such needs.

Planned gifts and bequests, by their very nature, involve a complex combination of legal, tax, and financial implications for the donor, the University, and the University of Maryland Baltimore Foundation, Inc. In addition, planned giving prospects are often in an emotionally charged frame of mind that we do not normally encounter in routine solicitations. Such circumstances require a special degree of care and due diligence.

In order to ensure that safeguards and procedures are in effect that will protect our donors, our employees, and our institutions, the following guidelines are to be observed:

- It is within the purview of development officers and staff to identify prospects or donors who may be a candidate for a planned gift, life income gift, bequest, or charitable gift that involves tax and legal matters and to initiate a cultivation by sharing planned giving information approved by the University and the Foundation through the University of Maryland, Baltimore, Office of Philanthropy, Planned Giving.
- Once a planned giving prospect has been identified, or if a prospect desires to discuss or further investigate or make such a gift, it is the responsibility of the development officer to engage the assistance of the Office of Philanthropy, Planned Giving.
- It is beyond the scope of employment of development officers and staff (whether directly or through an agent, contractor, or volunteer), to engage in rendering advice or preparing proposals or documentation with regard to bequests, financial planning, retirement planning, charitable gift planning, and income and estate tax planning, or similar matters relating to such gift opportunities.
- In connection with the above policy, development officers and staff are not to distribute or publish planned giving materials, tax materials, financial planning materials, retirement planning materials, and estate planning materials that have not been reviewed and approved by the Office of Planned Giving, Office of Philanthropy, University of Maryland, Baltimore.
- To further ensure that a satisfactory standard of due diligence, newsletters, brochures, advertisements, and seminar materials and presentations in all media, electronic and otherwise, relating to the above are to be reviewed and approved by the Office of Planned Giving prior to publication and or distribution.



## Descriptions of Planned Gifts

A planned gift offers many advantages for a donor financially, and otherwise. Planned gifts to benefit the professional schools, health sciences and human services library, and the National Museum of Dentistry are made to, and administered by, the University of Maryland Baltimore Foundation, Inc.

A variety of planned giving arrangements are available and may be established either during a donor's lifetime or through his/her will. A planned gift can:

- Pay life-long income, or income for a period of years.
- Reduce or eliminate capital gains on contributions of appreciated assets.
- Generate substantial federal income tax deductions.
- Eliminate or reduce federal estate taxes.
- Produce higher current income than low yielding stocks, bonds or real estate.
- Provide returns based upon the full fair market value of appreciated assets without reduction by capital gains taxes.
- Complement retirement and financial planning.
- Ensure a generous charitable gift.
- Be utilized in family business planning.

Traditional ways of giving that fit well with Gift Planning:

- Outright gifts involve a direct transfer of an asset (cash, appreciated securities, closely held stock, real estate, tangible personal property, etc.) to the University of Maryland Baltimore Foundation, Inc. for the benefit of the donor's designated school or campus project.
- Cash gifts may be given outright or made to satisfy a multi-year pledge. Gifts by check must be made payable to the University of Maryland Baltimore Foundation, Inc. for the benefit of the school, library or the museum.
  - **NOTE:** Federal income tax laws permit individuals who itemize their deductions to deduct the full amount of cash gifts, up to 60% of adjusted gross income. Any excess deduction may be carried forward and used for the next five tax years.
- Appreciated securities held longer than one year and transferred directly to the Foundation can provide substantial income tax benefits. For the best tax results, a gift of appreciated securities should always be made directly to the University of Maryland Baltimore Foundation, Inc. for the benefit of the donor's designated school, library, or museum.
  - **NOTE:** Under current federal income tax laws, a donor may claim a charitable income tax deduction equal to the fair market value of the securities at the time the gift is made,

up to 30% of adjusted gross income. Any excess deduction may be carried forward for up to five additional years. The appreciation is never taxed to the donor.

- Gift of family run businesses – In certain circumstances, gifts of interests in family run businesses may make good sense as part of a donor’s overall family estate planning. Such interests can be gifts in kind of real estate, machinery, equipment or other goods; or, even partnership interests or closely held stock. For gifts of business interests, careful planning is required to achieve the intended benefits, which can be substantial.
- Bequests are gifts made by will and are among the most important sources of support from individuals. Bequests from alumni and friends are essential to continue to significant strengthen our financial base.

Suggested bequest language to provide the donor’s attorney may be obtained from John McKee, x6-2069 in the Office of Planned Giving.

## Bequests

Bequests are gifts made by will and are among the Foundation's most important sources of individual support. Bequests from alumni and friends are essential to continue to significantly strengthen our financial base.

An outright bequest may be a gift of personal assets, a specific dollar amount, or a percentage of your estate. Bequests should be made payable to the Foundation (for the benefit of a particular school, the museum, or the library).

A bequest may also establish a charitable trust or direct that a charitable gift annuity be used to provide income to a spouse or other beneficiary, with the trust or annuity assets later passing to the Foundation.

Legal and financial advisors often instruct donors to use a revocable living trust to dispose of assets at death. In such cases, the gift under the trust should be made payable to the Foundation for the benefit of a particular school, the museum or the library).

Suggested bequest language to provide the donor's attorney may be obtained from John McKee, x6-2069 in the Office of Planned Giving.

## Administration of Pending Estates and Trusts

The legal process for distributing an estate has many built-in delays. Charitable bequests are distributed only after all debts and taxes are paid and an accounting is prepared by the executor and approved by the court. The average time between first notification and final receipt of a bequest varies from nine months to ten years, depending on the complexity of the estate.

The Director of Planned Giving will meet with the Director of Philanthropy Operations at least monthly to review all new and outstanding estates and trusts. It is the responsibility of the Director of Planned Giving to monitor all estate proceedings for the UMB schools and related institutions. (A copy to Office of Philanthropy Operations for file). Therefore, all correspondence regarding estates or trusts established under a will should be forwarded for immediate action to:

Elizabeth S. Connors  
Associate Director of Planned Giving  
Office of Philanthropy  
220 N. Arch St., 14<sup>th</sup> Floor  
Baltimore, MD 21201

In order to ensure statutory compliance and to provide a timelier sharing of information, the Office of Philanthropy Operations will complete a summary sheet for each estate or trust pending distribution and make it available to all appropriate parties within one week of notification.

Regular updates will be provided as additional information is received and/or distributions are completed. ONLY the University of Maryland Baltimore Foundation, Inc. or the UM University Counsel is authorized to accept distributions from estates or trusts under will. DO NOT SIGN ANY RECEIPTS OR RELEASES which may come to your attention, forward them for verification, together with any checks or other correspondence, to the Office of Philanthropy Operations; they will be processed immediately.

### *Procedures*

- Major gift officer forwards estate/trust notice to Director of Planned Giving at the address listed above.
- The Office of Philanthropy Operations establishes an account file after receiving notification from the Director of Planned Giving.
- The Director of Planned Giving writes to the attorney/trustee to request a copy of the will/trust, if necessary, thanks him/her for the notification; and requests that all future correspondence be directed to the Office of Planned Giving.
- The school's major gifts officer sends an acknowledgement of receipt of the trust notice to the family and any other appropriate parties, with a blind carbon copy to the Office of Philanthropy Operations and Office of Philanthropy Research.
- The Director of Planned Giving forwards all legal documentation (will, trust, etc.) and a copy of the notification to the University Counsel for review. The University Counsel sends approval notification or recommendation for further legal interpretation to the Director of Planned Giving. If necessary, the dean and major gift officer will be consulted. Copies of all documentation will be sent to the Office of Philanthropy Operations.

- The Director of Planned Giving forwards copies of all correspondence and memos, as received throughout the period of the estate/trust settlement to the school's major gifts officer and the Office of Philanthropy Operations.
- The Director of Planned Giving submits requests for interim distributions, if appropriate, to the trust/estate every six months (Dec. 1 and June 1).
- If the school receives a distribution notice and/or release, the form should be forwarded immediately to the Director of Planned Giving. The school representative should not sign the form.
- The Office of Philanthropy Operations delivers completed gift receipts and copies of releases to the school for final distribution and notifies the Philanthropy Office to prepare a presidential thank you, if appropriate. The school should send a thank-you letter to the family or representatives.
- The school's major gift officer should consider sending memorial gift letters annually when awards (e.g., scholarships) are made.

## Gifts of Real Estate

When a donor no longer wishes to retain ownership of a piece of real estate, the Foundation is always interested in discussing the possibility of obtaining ownership. All real estate transactions are completed through the real estate specialists of the University of Maryland Baltimore Foundation, Inc. in conjunction with the Office of Planned Giving.

Real estate may be donated in several ways. These include direct transfers to the Foundation, bargain sales, and transfers to charitable remainder unitrusts. Such transfers can generate substantial income and create capital gains and estate tax savings.

***Outright:*** An outright gift of real estate has many advantages. For example, a gift of appreciated personal real estate owned for more than one year gives the donor an income tax deduction based on the current fair market value. The donor never pays any capital gains tax on the appreciated value, and the real estate is removed from the donor's estate.

***Reserved Life Estates (Living in the gift):*** A lifetime gift of a reserved life estate can make good tax planning sense for donors who, at their death, intend to give a personal residence, vacation home, or a farm to the Foundation. Such a lifetime gift allows the donor to continue to use the property while paying for all the normal costs of ownership. However, by simply re-titling the property the donor obtains a substantial income tax deduction today and the asset is removed from the donor's estate for estate tax purposes.

The gift of a retained life estate will actually produce income for the donor as a result of the income tax charitable deduction generated. This amount could be contributed to a gift annuity for an additional tax deduction and a gift that will pay the donor income for life.

***Gifts in Trust (life income):*** Appreciated real estate may be used to fund certain types of life income gifts. The most commonly used vehicle for funding a life income gift with real estate is a charitable remainder unitrust. A charitable remainder unitrust is a trust, which pays income to the donor, or to the donor and another beneficiary for life, or a fixed period not to exceed twenty years. A unitrust pays income at a fixed percentage rate, but the underlying trust assets are revalued each year. Consequently, payments to the income beneficiary will reflect fluctuations in the financial market.

A charitable remainder unitrust can be established using highly appreciated personal real estate. A unitrust funded with real estate need not pay an income to the beneficiary until the underlying real estate can be sold. Because appreciated real estate can often take time to dispose of at a reasonable price, this feature of the unitrust gives the trustee flexibility to negotiate a sales price that will benefit both the income beneficiary and the Foundation. In the year that a donor gives appreciated real estate to a charitable remainder unitrust, the donor receives a current income tax deduction for the present value of the amount, which will ultimately pass to charity. No capital gains tax is paid when the real estate is transferred to the trust. The donor will also receive an income for life, usually between 5% and 6% of the annually revalued trust assets. At the death of the last surviving life income beneficiary, the remaining trust principal passes to the Foundation. If the sole life beneficiary is the donor, or the joint beneficiaries are the donor and the donor's spouse, the value of the asset is removed from the estate for federal estate tax purposes.

***The "Bargain Sale" Technique:*** A bargain sale of real estate allows a donor to make a gift of appreciated personal real estate, and still obtain some cash value from the property at the time of the gift.

For example, a donor may wish to make a gift, but also feels a need to set aside funds for financial reasons, or to make gifts to heirs. In such situations, the Foundation may be able to enter into a “bargain sale” agreement, in which the Foundation agrees to take title to the real estate by purchasing it for the sum needed by the donor. The purchase price paid to the donor is well below fair market value. The difference between the fair market value and the amount paid to the donor is considered a gift to the Foundation by the donor. This difference forms the basis for the donor’s income tax charitable deduction.

## Charitable Gift Annuities

Charitable gift annuities are simple contracts. In exchange for a gift of money or securities, the University of Maryland Baltimore Foundation, Inc. promises to pay a fixed dollar amount each year to the donor's designated beneficiaries for life.

Payments to the beneficiary are usually made quarterly and are a general obligation of the University of Maryland Baltimore Foundation, Inc. The amount of the annuity payment will depend upon the value of the donated property, the beneficiary's age at the time of the gift and certain mandated IRS interest rates.

### *How it works*

- A gift annuity is a simple contract between The University of Maryland Baltimore Foundation, Inc. ("UMBF, Inc.") and the donor.
- The donor makes a gift of cash or appreciated securities to UMBF, Inc. in exchange for fixed life income payments to the donor and/or other beneficiaries. A gift annuity may have one or two life income beneficiaries.
- The income paid to the beneficiary is taxed as part tax free return of principal, part ordinary income, and, if appreciated securities are used to establish the gift, part capital gain. After the donor outlives his or her life expectancy, all subsequent income is taxed as ordinary income.
- In the year of the gift the donor receives a current income tax deduction based upon IRS interest rates and actuarial assumptions.
- The general charitable income tax deduction rules apply.
- Assets used to fund the annuity are removed from donor's estate.
- When the life income payments are made to an individual other than the donor or the donor's surviving spouse, gift and estate tax implications must be considered.
- Once established, no additions to the annuity contract may be made, but successive annuity contracts may be established.
- At the death of the last income beneficiary, the remaining value of the annuity passes to the donor's selected school, museum or library.
- A gift annuity can be established under the donor's will for the benefit of a surviving spouse or other beneficiary.
- Once established, the gift annuity principal is no longer available to the donor for any purpose.
- As a general rule, the older the donor/beneficiary, the higher the income paid, and the greater the income tax deduction generated by the gift.

### *Typical Donor Profile for Charitable Gift Annuities*

- Individuals or spouses over age 60.



- Individuals with potential estate tax liability.
- Individuals with available cash or appreciated stock (held for more than 12 months) who are seeking a fixed rate of return on a portion of their portfolio, and who will not need access to the principal and who reinvest at fair market value and defer capital gains taxes.
- Individuals seeking to turn part of their income stream into a partially tax free income over their normal life expectancy.
- Individuals who understand that their gift is not insured by any state or federal agency, and is backed solely by the unsecured assets of the University of Maryland Baltimore Foundation, Inc.

Charts set forth the charitable deductions, annuity rates, effective rates and the tax-free portion of a charitable gift annuity, assuming the donor is in the 39.6 tax bracket.

**NOTE:** Actual rates paid and charitable deduction will be determined at the time of the gift.

## Deferred Gift Annuities

Deferred gift annuities are similar to charitable gift annuities, but allow the donor to select the time payments will begin (at least a year after the gift date). For example, a donor may defer receiving income for 5, 10, and 15 years or even longer. A longer deferral period results in a higher annuity rate and a larger tax deduction.

Charitable gift and deferred gift annuities both result in immediate federal income tax deductions for the actuarially determined value of the gift. They also have an attractive provision for the taxation of income: a portion of each payment is treated as nontaxable income over the period of years equal to the donor's life expectancy determined as of the date the gift is made. If appreciated securities are contributed, another portion of the payment is taxed as capital gains; the balance is taxed as ordinary income.

Charitable gift annuities and deferred gift annuities are regulated by individual states. Consequently, gift annuities may not be offered in all states.

Deferred gift annuities may be established with gifts of cash or appreciated securities.

### *How it works*

- A deferred gift annuity is similar to a gift annuity.
- A deferred gift annuity is a simple contract between the University of Maryland Baltimore Foundation, Inc. and the donor.
- The donor makes gift of cash or appreciated securities to the Foundation in exchange for deferred life income payments to the donor and/or other beneficiary.
- In contrast to a gift annuity from which income payments begin immediately, the beneficiary of a deferred gift annuity does not receive income until some future date, usually at or after retirement.
- The income paid to the beneficiary is part tax-free return of principal, part ordinary income (and part capital gains, if appreciated securities are used to establish the gift). If the donor outlives the established life expectancies, all subsequent income is taxed as ordinary income.
- A deferred gift annuity generates a substantial current income tax deduction, depending upon donor's age when the annuity is established, the period of deferral and prevailing IRS interest rate assumptions.
- Deferred gift annuities are suitable gift planning devices for working individuals who have maximized their pension contributions.
- Once established, no additions to the annuity contract may be made, but successive annuity contracts may be established.
- Accumulations in and distributions from a deferred annuity are not subject to the age 70-½ minimum distributions rules or limits on pension plan contributions.

- If the life income is payable to an individual other than the donor's spouse, gift/estate tax consequences must be considered. A deferred gift annuity can be established under a will.
- Once established, the deferred gift annuity principal is no longer available to the donor for any purpose.
- Assets used to fund the deferred annuity are removed from donor's estate.

***Typical Donor Profile for Deferred Gift Annuities***

- Individuals or spouses of almost any age.
- Individuals who have maximized their deductible pension contributions and wish to put aside additional sums for retirement.
- Individuals or spouses with potential estate tax liability.
- Individuals or spouses with available cash or appreciated stock (held for more than 12 months) who are seeking a fixed rate of return on a portion of their portfolio, and who will not need access to the principal.
- Individuals or spouses seeking to turn part of their income stream into a partially tax free income over their normal life expectancy, and who seek a generous income tax deduction when the annuity is funded.
- Individuals who understand that their gift is not insured by any state or federal agency, and is backed solely by the unsecured assets of the University of Maryland Baltimore Foundation, Inc.

Charts illustrating the results of contributing \$20,000 to a deferred gift annuity at various ages and for various periods of deferral, assuming the annuity is to be paid over the life of the donor in the 35% tax bracket.

**Note:** Actual rates paid and charitable deduction will be determined at the time of the gift and will be a function of prevailing IRS interest rates, the donor's age on the date of gift and the period of deferral.

- Deferred gift annuities and regular gift annuities can also be made payable over joint lives of two individuals, such as a husband or wife. After the death of the first spouse, the surviving spouse will continue to receive annuity payments until death.
- Gift annuities and deferred gift annuities from the University of Maryland Baltimore Foundation, Inc. are subject to regulation by the state of Maryland (and other states) and are not guaranteed by any state or federal insurance fund.
- Gift annuities and deferred gift annuities are backed by the unsecured assets of the University of Maryland Baltimore Foundation, Inc. Gift annuities and deferred gift annuities are subject to state regulation and may not be available in all states.

## Administration of Charitable Gift Annuities

1. Major Gift Officer (MGO) obtains all relevant information from Donor and submits to Office of Planned Giving (OPG) on the Illustration/Proposal Request Form found at [www.devservice.umaryland.edu/](http://www.devservice.umaryland.edu/).
  - a. Legal Name(s)
  - b. DOB(s)
  - c. SS#(s)
  - d. What kind of asset will fund gift?
  - e. Value of gift
  - f. Cost basis of asset
  - g. Legal address(es)
  - h. If life income gift, will payments be annual, semi-annual, quarterly?
  - i. Check or direct deposit? If direct deposit, fill out ACH form
  - j. Purpose of gift
2. OPG works with donor, advisors, and MGO to structure best possible gift arrangement.
3. OPG creates proposal and/or illustration and all applicable disclosure documents for donor(s) in collaboration with MGO.
4. MGO works with Office of Philanthropy Operations in UMBOP to prepare MOU.
5. OPG prepares the Annuity Package (which includes two original annuity contracts, a disclosure statement, a direct deposit ACH form, and four original MOU's) and forwards to MGO.
6. MGO provides documents to donor, obtains signatures, and delivers executed documents to Philanthropy Operations
7. Philanthropy Operations obtains Tom Sullivan's signature on the two original annuity contracts, keeps one for her files, and returns the other to the MGO.
8. Donor transfers property to UMBF and UMBOP transfers the property, a copy of the signed annuity contract, and the ACH direct deposit form to PNC.
9. Property is valued by PNC as of date of gift and PNC sets up gift annuity account and sends the valuation information to OPG.
10. OPG calculates tax summary, forwards to PNC, UMBOP, MGO, and attaches to donor's record in Advance
11. MGO mails one original fully executed agreement back to donor with tax calculations, gift receipt, and one fully executed MOU, when available.
12. PNC records payment and beneficiary information so it can track the CGA for the life of the contract.

13. PNC records taxable character of the income for each payment and provides this information on Form 1099-R to annuitants by January 31st each year.
14. PNC prepares annuity distribution for donor in the form of either direct deposit or check.
15. Office of Philanthropy Operations files all required paperwork with all jurisdictions in connection with the issuance of CGA's with the approval of Legal Counsel and Senior Director of Planned Giving
16. Lifetime stewardship of donor by MGO.
17. When the life income beneficiary dies, PNC distributes remainder value of the annuity corpus to UMBF and money is transferred to the account of the entity designated in the annuity contract for the purpose outlined in the MOU.
18. MGO stewards any appropriate living relatives of the donor.

## Charitable Remainder Trusts

Charitable Remainder Trusts are individually managed trusts that provide beneficiaries with either a fixed or variable income for life, or for a term of years (not to exceed 20). At the end of the period, the trust balance passes to the Foundation for the benefit of the designated school, library, or museum.

The income payment is determined by the donor in conjunction with the Office of Planned Giving and the Foundation at the time the gift is made. The income rate must be at least 5%.

As with other life income plans, the higher the income paid to the income beneficiary, the lower the charitable income tax and estate tax deduction. This also means a smaller growth of principal that will ultimately pass to the Foundation.

### *How it Works*

- The donor selects a trustee: UMBF will serve as Trustee on trusts in which we are named an irrevocable beneficiary. The donor and trust, through the services of an attorney, draft and execute a written trust agreement.
- The trust may be set up during the donor's life, or through provisions contained in the donor's will.
- The trust provides that the donor and/or the donor's beneficiaries receive income for life (or some other predetermined period, if the trust is established as a term of years trust rather than a trust for life).
- Income is paid from the trust at least annually, usually quarterly.
- Cash, appreciated real estate and securities may be used to fund the trust. Other assets may also be considered, but they may have different tax consequences for the donor.
- Appreciated securities and real estate (held for more than 12 months) are accepted by the trust at fair market value without immediate capital gains tax on the donor or the trust. The initial value of the trust is determined without erosion of principal by capital gains taxes.
- Example: Donor purchased stock for \$10,000 in 1987, and today that stock is worth \$100,000. It currently pays \$100.00 in dividends. If donor sold the stock, capital gains tax would be \$18,000. If donor used the stock to set up a 6% charitable trust, the trust would be funded with \$100,000, the charitable deduction would be based on the remainder value of the \$100,000 and the beneficiary would receive \$6000 in income in the first year. In addition, the stock is removed from the donor's estate for estate tax purpose.
- When the trust is first established and funded, the donor receives a current income tax deduction. The deduction is the equivalent of the present value of the remainder interest that will eventually pass to charity and is subject to the usual rules of deductibility.
- The remaining trust assets pass to the donor's charitable beneficiary after all income beneficiaries have died, or the term of the trust has expired.

- A charitable remainder trust can remove appreciating assets from the estate thus reducing or eliminating estate taxes.
- There are two basic types of charitable remainder trusts: annuity trusts and unitrusts.
  - An annuity trust pays a fixed dollar amount to the beneficiaries, determined at the time the trust is funded. Annuity trusts are attractive to conservative donors who seek a secure, fixed income payment.
  - If income from the annual earnings of the trust is insufficient to make the required payment, trust principal is used to make income payments. These fixed payments are continued for the duration of the trust, unless the trust assets become depleted, at which point the obligation of the Trustee to make payments ceases.
  - No additional contributions to an annuity trust are permitted after the trust is established.

***Typical Donor Profile for a Charitable Remainder Annuity Trust (CRAT)***

- Best suited for donors over age 65.
- Donor is adverse to financial market.
- Donor does not want fixed income.
- Donor gives cash or appreciated stock.
- Donor seeks higher income tax and estate tax benefits than unitrust affords.
- A unitrust pays a beneficiary income based on a fixed percentage of the fair market value of the trust's assets as revalued annually. An increase in the trust's value results in a larger income payment to the donor, thus providing a hedge against inflation. Decreases in asset value will result in a lower payment.
- Additional gifts may be added to a unitrust (but not to an annuity trust) during a donor's lifetime or at death. Assets such as cash, securities or real estate may be used to establish a charitable remainder trust. Charitable trusts can often be customized to achieve a donor's unique financial, retirement, business, estate, and charitable planning needs.
- The unitrust may be structured so that only net income for the year is actually paid. Any short-fall in income will be made up in later years, when the trust begins to earn income in excess of the amount required to be paid in future years.
  - A unitrust should keep pace with inflation when properly invested, but there is always the risk that adverse investment conditions will result in lower returns.
  - At inception, the unitrust also results in slightly lower income tax deductions than the annuity trust.
  - Additional contributions may be made to a unitrust, but not to an annuity trust.

***Typical Donor Profile for a Charitable Remainder Unitrust (CRUT)***

- Best suited for donors over age 65.
- Donor accepts risk of financial market.
- Donor does not want fixed income.
- Donor wants to contribute real estate or hard to value assets.
- Retirement planning and income deferral possibilities.



## Charitable Lead Trusts

Charitable lead trusts allow a donor to provide the Foundation with an income stream over the donor's lifetime or for a fixed term of years. At the end of the term, the trust can be structured either to return the contributed assets to the donor or another beneficiary with generous federal gift and estate tax savings. Testamentary charitable lead trusts in combination with charitable remainder trusts can be powerful financial and estate planning tools.

### *How it Works*

- The donor and the Foundation set up a trust, which will pay income to the institution for a stated period of years or for the life of the donor.
- At the end of the trust term, the property in the trust will revert to either the donor (or the donor's spouse), or is given to some other third party (usually a family member) designated by the donor.
- A lead trust is usually funded with income producing property, so that the trust can pay income to the institution without invading the trust principal.
- There are two categories of lead trusts:
  - Grantor lead trust: generally provides that the property used to set up the trust will revert to the donor or the donor's spouse. Income earned by the trust is taxable to the donor. The donor also receives an income tax deduction for the amount of income going to the charity. However, lead trusts are not generally established for income tax purposes.
  - Non-grantor lead trust: provides that the property held by the trust at the end of the term will pass to some other party (i.e., children or grandchildren) rather than returning to the donor. The income of the trust is not taxable to the donor. There are no income tax deductions generated by a nongrantor lead trust.

A non-grantor lead trust can be used to transfer wealth or property to successive generations at substantially reduced gift and estate tax costs. This is especially important if the property transferred to the trust will continue to increase in value.
- A donor can establish lead trusts during life or through the donor's will.
- Lead trusts can be established as an annuity trust (a fixed income payment to charity established at the commencement of the trust; no additions to trust) or as a unitrust (income payments are recalculated based upon the annual revaluation of the trust assets; additions may be made to trust).
- For larger estates, a combination of a testamentary charitable lead trust with a charitable remainder trust can generate substantial federal estate tax savings, create a generous inheritance to heirs and provide a sizable charitable gift to the school, museum or library.

## Life Insurance

Life Insurance gifts can make attractive planned gifts. The easiest way to use life insurance is to name the Foundation as the beneficiary of the death benefit. The proceeds will not be included in your estate. However, a life-time gift of life insurance may be made in one of three ways.

1. Donate a fully paid up policy, naming the University of Maryland Baltimore Foundation, Inc. irrevocable owner and beneficiary (for the benefit of the donor's designated school, library or museum).
2. Donate a policy on which premiums are still owing, naming the University of Maryland Baltimore Foundation, Inc. irrevocable owner and beneficiary (for the benefit of the school, library or museum) and continue to pay premiums.
3. Purchase a new policy naming the University of Maryland Baltimore Foundation, Inc. irrevocable owner and beneficiary (for the benefit of the donor's designated school, library or museum).

The donor is usually entitled to a charitable deduction for each of these options, depending on the law of the donor's state.

The IRS requires that donors irrevocably name the University of Maryland Baltimore Foundation, Inc. as owner (as well as beneficiary) of the policy in order to deduct the premiums.

For policies that require the continued payment of premiums, donors should send a check in the premium amount made payable to the University of Maryland Baltimore Foundation, Inc.; the Foundation will in turn pay the premium to the insurer.

Alternatively, the Foundation may be named the beneficiary of the policy's death benefit. This will result in an exclusion of the insurance proceeds from the federal estate tax, but there will be no current income tax deduction.

### *Typical Donor Profile for Life Insurance*

- Donor has paid up life insurance that would otherwise be included in his or her estate taxes.
- Donor has policy that has large built in cash surrender value that can be cashed in to satisfy a pledge.
- Donor receives distribution of a life insurance policy from a closely held business liquidation or from a parent's estate.

## Retirement Savings

Retirement savings can be subject to a combination of federal income, estate and excise taxes that can seriously erode their value.

### How it Works

- As a rule, retirement savings are subject to federal income tax as received.
- The law requires that certain required minimum distributions (RMDs) must be made from individual retirement accounts after the individual attains age 70 ½. Failure to take the required amount results in a 50% penalty tax on the undistributed amount. The 2017 Tax Cuts and Jobs Act made permanent a provision allowing IRA holders to donate up to \$100,000 per person per year directly to charities, and it would be a tax-free Qualified Charitable Distribution that counts toward RMD. Only donors age 70 ½ can take advantage of these gifts, and they may not be used for anything resulting in less than 100% deduction (like a CGA or event donation).
- At death, any remaining retirement account balance is included in the calculation of the gross estate. Consequently, retirement savings can also increase federal estate taxes.
- After death, payments made from retirement accounts to the designated beneficiaries will be taxed as received by them at ordinary income tax rates.

Careful planning for the disposition of retirement plan assets can help to avoid undesirable tax costs. Properly structured gifts of retirement account balances can improve the donor's overall tax consequences; increase the amounts passing to heirs and escape income, estate and excise taxes.

## Gifts-In-Kind

### Purpose

Gifts-in-kind are valuable to University of Maryland, Baltimore (UMB), have tax implications for the donor, and may create tax-reporting obligations for UMB. To be accepted, a gift-in-kind must serve the mission of the School or administrative unit (either, a “Donee unit”) accepting the gift, be approved before acceptance, and be reported as outlined in this Policy. Internally, and for tax reporting purposes, a gift-in-kind is valued at its face or fair market value (the amount a willing buyer would pay a willing seller in an arm’s length transaction).

### Policy Statement

- I. The Office of Philanthropy must be notified of all gifts-in-kind, because it is that Office’s responsibility to record gifts-in-kind for fundraising purposes and to provide tax receipts to the donors. The Office of Philanthropy also provides gift acknowledgement to the donor and refers the gift for appropriate donor stewardship.
- II. In general, a gift-in-kind may be accepted by a Donee unit after it has been determined that the gift-in-kind will not result in a cost to the Donee unit, the campus, or its affiliated foundation.
- III. The Donee unit should not incur costs for the present or future use, delivery, installation, display, insurance, maintenance, or administration of an acceptable gift-in-kind unless the donor, by separate gift or under the terms of the gift-in-kind, provides funding or a means to generate funding to cover such expenses. The accepting Donee unit shall be responsible for any additional expenses related to the acceptance, installation, use, disposition, and disposal not covered by the donor.
  - a. Artwork, for example, may require expensive packing and transportation services for delivery to the Donee unit or special lighting or additional security to be displayed properly and safely.
  - b. It may be specified that all or a part(s) of a gift-in-kind (e.g., part of an art or book collection) be sold to generate funds, which allow acceptance of other parts of the gift.
- IV. Acceptance of a gift-in-kind requires approval by the appropriate officials of the Donee unit (including the Dean or designee of a School, or the UMB President or a vice president of an administrative unit) to ensure that acceptance will not involve financial commitments beyond what the Donee unit and UMB are willing and able to provide within current budgeted resources.
  - a. If the gift-in-kind is of significant value or unusually complex, additional approval from the Office of Philanthropy’s Gift Acceptance Committee may be required. Marketability and/or need by the institution are major considerations in acceptance of these types of gifts.
- V. In general, fees paid by a donor to determine the fair market value of donated property are not tax-deductible as part of the charitable contribution. Development officers and administrators should never provide tax advice to a donor. Donors should confer with personal tax advisors.
- VI. The following gifts-in-kind require special consideration by UMB, regardless of value. If there are questions about a gift-in-kind or if a proffered gift-in-kind seems unacceptable or imprudent under this Policy, the Office of Philanthropy should be consulted (410-706-4385) for more

information about next steps before making a determination about the gift. Gifts that require additional review include but are not limited to the following categories:

- a. Software;
- b. Any goods offered as a gift from a UMB vendor, or a person or firm seeking to do business with UMB;
- c. Items considered to be of historical interest;
- d. Personal property that has not been inventoried by the donor or the donor's estate;
- e. UMB does not generally accept gifts-in-kind of chemical, biological, or radiological material, including laboratory supplies or equipment, medical supplies or equipment, hazardous materials, any items subject to federal or state environmental hazard regulations as to shipping and handling, pharmaceutical products, food or beverage products, plants, animals, or fish. Donations of laboratory equipment require that the Donee unit provide assurance that the equipment is in serviceable condition and does not present a hazard to users or building occupants. Installing and/or connecting the equipment to building mechanical systems requires approval from UMB Operations and Maintenance. A Donee unit can apply for an exemption from this prohibition. At a minimum, the Donee unit must demonstrate that the material has unique value; will be used for approved research; can be handled in compliance with applicable regulations, and will not result in significant disposal costs. Exemptions described in this section must be approved by the Department of Environmental Health and Safety.

## **Establishing Value**

- I. The donor should never be provided with an estimated dollar value of a gift, as it is the donor's responsibility to determine the value. Any acknowledgement or letter provided to the donor, including the official gift receipt, must include a description of the gift(s), with NO statement of dollar value. A donor should be reminded to confer with a tax advisor regarding the tax consequences of a gift-in-kind and any expenses incurred by the donor to value the gift-in-kind.
- II. The date that the gift-in-kind is delivered to the Donee unit will be considered the date of the gift.
- III. A dollar value for a gift-in-kind is needed for UMB'S internal accounting. IRS Form 8283, "Non-Cash Charitable Contributions" offers three categories of gifts-in-kind based on a donor's declared value:
  - a. If the donor declares the gift to be valued at less than \$500, the IRS does not require special forms. Unless the Donee unit has reason to believe the gift-in-kind is worth substantially more than \$500, the donor's declared value may be used to value the gift for internal accounting purposes only.
  - b. If a donor declares the gift to be valued from \$500 to \$4,999 and wishes to claim a tax deduction for a charitable contribution, the donor is required to file IRS Form 8283. It is the donor's responsibility to obtain and complete IRS Form 8283, which will require the counter-signature of an authorized representative of the UMB Office of Philanthropy. The Donee unit may provide the signature of an internal staff member (i.e., faculty member or qualified professional) confirming a **conservative** value. This value will be used for internal UMB accounting purposes only.
  - c. If a donor declares the gift to be valued at \$5,000 or more, the donor, according to IRS regulations, should submit a partly completed Form 8283 to UMB. Only the Office of

Philanthropy, Philanthropy Operations may complete this Form on behalf of UMB. The Form will then be returned to the donor.

### **Reporting Requirements**

- I. The Donee unit must notify UMB's Property Accounting Department (410-706-6554) of all gifts-in-kind valued at \$5,000 or more. The Department will coordinate any necessary property controls.
- II. The Office of Philanthropy/Development Operations must be informed if a gift-in-kind valued at more than \$500 is sold, transferred, exchanged, or disposed of within two years of the date of the gift. The donor's tax deduction can be changed by the disposition of the gift.
  - a. UMB respects its donors' rights to privacy to the extent allowed by law. Federal regulations state that the University MUST report disposition of a gift-in-kind valued at \$500 or more (for which an IRS Form 8283 was filed) to both the IRS and the donor, if the property is disposed of within two years of the date of the gift. This report is filed with IRS Form 8282.

### **Definitions**

Donee unit is a School or administrative unit of UMB.

Gifts-in-kind are non-cash donations of materials or assets and may include such items as equipment, supplies, furniture, software, printed materials, or artwork.

### **Scope and Exceptions**

Gifts-in-kind are accepted on a case-by-case basis by the Donee unit and receipted as such. Gifts of real estate are not covered by this policy. Generally, gifts of real estate are not encouraged, as they often result in liabilities and expenses not supported by the gifts; however, real estate and/or other non-cash assets may be used to fund planned gifts, which are coordinated through the Office of Philanthropy; Planned Giving and may be accepted by UMB or by the University of Maryland Baltimore Foundation, Inc. (UMBF), as determined by UMB.

Contact the Office of Philanthropy, Planned Giving (410-706-2069) or the Office of the Vice President for Administration and Finance (410-706-2802) for more information if a donor proposes a gift of real estate.

# Information System Development Life Cycle Policy

**Revised: 11/8/05**

## ***POLICY STATEMENTS***

The University of Maryland Baltimore Foundation is committed to the use of information system technology to better serve our constituents. This procedure contributes to the fulfillment of this policy.

When automated systems are developed, modified, or eliminated at UMBF, we will use a standard System Development Life Cycle (SDLC) methodology, intended to result in systems that are appropriate, efficient and delivered at a reasonable expense.

## ***PURPOSE***

The purpose of this policy is to outline the major tasks and responsibilities of the SDLC process.

## ***DEFINITIONS***

*System Development Life Cycle (SDLC)* - SDLC refers to a methodology for developing systems. It provides a framework of tasks and deliverables needed to implement systems. The SDLC methodology may be condensed to include only those activities appropriate for a particular project, whether it is a new system, or an enhancement to existing systems. The SDLC methodology tracks a project from an idea developed by the user, through a feasibility study, systems analysis and design, programming, pilot testing, implementation, and post-implementation analysis. Documentation developed during the project development is used in the future when the system is reassessed for its continuation, modification, or deletion.

## ***GOVERNANCE***

The SDLC is governed by the UMBF IT Steering Committee which consists of the Treasurer of UMBF, the Director of Computer Support and the Director of Finance. This committee establishes institutional information policy, standards, and management control over UMBF information resources and technologies, including the preparation and modification of detailed operational guidelines for the SDLC process itself.

## ***RESPONSIBILITIES OF THE UMBF IT STEERING COMMITTEE***

1. The UMBF IT Steering Committee will closely monitor projects that are determined to be of strategic value as determined by the Steering Committee, the UMBF Board of Trustees or the UMBF President. The UMBF IT Steering Committee will review the alternatives to be implemented, allocation of resources, setting of priorities, etc.
2. UMBF IT Steering Committee members will routinely review list of projects, showing the status of the projects as they go through the phases of SDLC.
3. The Committee will develop ongoing education and training, and recommend resource allocation for individuals involved in the SDLC process. The UMBF IT Steering Committee may also recommend resources for group training.
4. The Committee will recommend changes/additions to SDLC policy and procedure.

5. The committee will meet quarterly to evaluate and discuss existing systems to determine if current UMBF needs are being fulfilled.

### ***THE SCOPE OF SDLC METHODOLOGY***

The SDLC methodology is applicable, in part or whole, when any strategic system is being developed, modified, or deleted. Projects must be consistent with UMBF goals and strategic plans

### ***DESCRIPTION OF THE SDLC PROCESS***

The SDLC process has six (6) phases:

#### ***Phase I - System Initiation and Feasibility Study***

Phase 1 involves the initial investigation into the project. Once this step is completed, the following information will be documented:

- Project Manager (IT Steering Committee)
- Identify stakeholders
- Identify requirements

Project manager presents documents to the IT steering committee to determine if the project should be continued. Project decision will be documented in IT Steering Committee minutes.

#### ***Phase II – Project Planning and Functional Analysis***

The project manager formalizes the requirements developed in Phase 1. The project manager will determine which requirements will be addressed by the planned project and which will need to be addressed at a later date. During this phase of the project, the expected benefit of the project should be quantified as completely as possible.

The completed requirements and expected benefits will be presented to the IT Steering committee to determine if the project should continue. Project decisions will be documented in IT Steering Committee minutes.

#### ***Phase III - System Design***

UMBF prefers the use of off the shelf software whenever possible to minimize costs, reduce dependency on a small technical staff and because software development is not a core component of UMBF's mission. When implementing off the shelf software, the system design phase is focused on identifying and selecting vendors. This phase requires the following documentation:

- Identify Vendors
- Provide requirements developed on phase 2 to vendors
- Perform due diligence on the vendor(s) and the system(s) by contacting at least three current users of the system, preferably foundations of a similar size to UMBF.



Should UMBF determine that no off the shelf systems can complete the requirements for the project within reasonable budget/time constraints, a system may have to be created to meet the specified requirements the results of this phase which will:

- Identify information system will manage
- Design screens
- Design reports necessary to complete project
- Determine if project will be coded internally or outsourced
- Determine software/hardware to design and implement the system on

For all projects (custom and off the shelf):

- Determine training needs
- Identify all cost associated with implementation (training, consulting, software, hardware, initial cost and maintenance cost)
- Identify time frame to implement the system The resulting documentation should be presented to the IT Steering Committee for final selection and approval. Project decisions will be documented in IT Steering Committee minutes.

#### ***Phase IV – Programming***

While UMBF prefers to use off the shelf software, it is important to understand that such software often requires customization through the use of codes and system settings.

These should be considered carefully and documented. Projects involving custom software will be coded during this phase of the project.

During this phase of the effort, the project manager shall keep the IT Steering Committee up to date on the progress of the project and any variances from the planned time line or budget. The project manager will present the documentation created during this phase to the IT Steering Committee. The decision to move to the next phase will be documented in the minutes of the meeting.

#### ***Phase V - Testing and Implementation***

Projects will require that original testing requirements be created. The results of the testing must be documented and any variances from the original requirements must be included in the documentation.

Once testing is completed and documented, the next step is to meet with stakeholders and determine the training and implementation schedule. Training should not occur more than two weeks before system implementation, if possible. The names of those receiving training and the dates of the training sessions will be included in this phase's documentation.

The project manager will present testing and training documentation to the IT Steering Committee.

#### ***Phase VI - Post-Implementation Evaluations***

Two weeks after implementation, the project manager will meet with the stakeholders and evaluate the success of the project to determine:

- If original goals were met

- If training was adequate
- If any new problems were introduced

Project manager will document these discussions and add planning variances in schedule or cost that may have occurred and present the final review to the UMBF IT Steering Committee.

## UMBF CONFIDENTIALITY AGREEMENT

I acknowledge the confidential nature of non-public information regarding the University of Maryland, Baltimore's donors, employees, students, patients, and other members of the UMB community.

- I will respect and safeguard the privacy of members of the UMB community and the confidential nature of their information. Without limiting the general nature of this commitment, I will not access or seek to gain access to confidential information regarding any past or present donor, employee, student or patient of UMB except in the course of fulfilling my job responsibilities. I understand that in this context, confidential information is considered to be all non-public information that can be personally associated with an individual.
- If, in the course of executing my job responsibilities, I accidentally access information that others might consider inappropriate for me to access (i.e., a co-worker, family member, high ranking person, etc.), I will notify my supervisor of the date and time of the access so that if a question arises at a later time, it will be understood that the access was accidental. I will not disseminate any such information without proper authorization.
- I will not use another's computer sign-on or computer access code or provide another the use of an individual's sign-on code to gain access to confidential information without proper authorization.
- I will not disclose confidential information to those who are not authorized to receive it. In addition, I will not, without proper authorization, copy or preserve by paper writing, electronic, or any other means confidential information, nor will I disseminate any such information without proper authorization. If I am in doubt about whether the authorization provided is "proper," I will consult the Associate Vice President for Philanthropy.
- I acknowledge the receipt of my ID's and Passwords and understand that passwords are the equivalent of my signature. I understand that I will only access information that is required for me to perform my assigned tasks. I acknowledge that if I disclose passwords to any other person, I will be fully accountable and response for any use or misuse by that individuals to the same extent as if I had performed the act or omission. If I have any reason to believe that the confidentiality of my passwords has been violated, I will notify my department head or supervisor immediately and ensure that the passwords are promptly changed. If I believe I have been asked to access or release information that is outside of my defined job responsibilities, I will notify the Associate Vice President for Philanthropy.
- I acknowledge that careless handling or improper disposal of printed documents and reports containing confidential information is considered negligent misuse.

Under certain circumstances, disclosure of confidential information may be punished as a criminal offense. I understand and agree that a violation of any portion of the confidentiality policy renders me subject to disciplinary or corrective actions that may result in sanctions including, but not limited to, expulsion, discharge, and/or revocation of employee privileges.

Instructions for completing this form:

1. New user needs to complete all fields in the above form, except approving signature.

2. The user's supervisor, volunteer coordinator or the Director of Computer Support should sign the Approving Signature line.
3. The form should be forwarded to Lamiaa Chahid, Room 2B04, 220 N. Arch St., 13<sup>th</sup> floor, or faxed at 6-0338.
4. Contact Lamiaa Chahid at lchahid@umaryland.edu or at (410)706-6524 for Training Opportunities.
5. On the training, the user will be informed of their sign on and password, they should change their password during their first use of the system.

## INTERFACING ENTITIES

The University of Maryland Baltimore Foundation, Inc. is governed and scrutinized by various agencies and entities. This section lists each of these organizations and indicates their roles and responsibilities pertaining to the Foundation.

### ***Board of Regents***

The Board of Regents of the University System of Maryland governs the establishment, operations, and compliance obligations of the foundation. The Board of Regents Policy on Affiliated Foundations can be viewed on the Internet at the following URL address:

<http://www.usmd.edu/Leadership/BoardOfRegents/Bylaws/SectionIX/IX200.html>

### ***Internal Revenue Service***

The Internal Revenue Service granted an advance ruling of exemption from federal income tax to the Foundation in December of 1999 under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). This five-year ruling period ends on June 30, 2004 at which time a final determination of exempt status will be made by the IRS based on information that the foundation provides regarding the activities of the foundation during its first five years.

In addition, the foundation is obligated to file form 990, Return of Organization Exempt from Income Tax for each fiscal year ending June 30th. This information return discloses gift and other income, expenditures, and other pertinent data relating to the activities of the foundation. It is available for public inspection along with form 1023, Application for Exempt status as required by the Internal Revenue Service regulations.

The foundation makes various payments to individuals and companies for honoraria, scholarships, consulting fees, etc. In order to make such payments, the payee must provide IRS form W-9 to the foundation. The information contained on the W-9 is used for the foundation to complete and file IRS form 1099 each year for each such payee that receives over \$600.00 in non-employee compensation.

### ***Secretary of State of Maryland***

The Charitable Organizations Division of the Office of the Secretary of State of the Executive Department of the State of Maryland granted complete and acceptable registration in calendar year 2000 under Article 41, Section 3-201 through 3-219 of the laws Maryland as required by the Maryland Charitable Solicitations Act (Business Regulation Article Title 6 of the Annotated Code of Maryland). This registration must be renewed each year with the submission of a renewal application, a copy of our audited financial statements, filing fees and other necessary documents.

### ***Maryland Insurance Administration***

This office of the Maryland State Government granted the foundation a special permit on May 3, 2001 to make annuity agreements with donors in accordance with the provisions of Section 16-114 of the Insurance Article of the Annotated Code of Maryland. This permit allows the foundation to initiate and administer planned gifts such as Charitable Gift Annuities and Charitable Remainder Trusts.

### ***Comptroller of Maryland***

The Comptroller of Maryland issued a letter to the foundation on January 10, 2000 stating “the federal determination of exempt status also qualifies your corporation or organization for exempt status under the Maryland income tax law”.

In addition, we have established a sales tax account with the Comptroller of Maryland whereby we collect and remit Maryland state sales tax from the sale of taxable items such as promotional T-shirts, stickers, mugs, etc. This account may be audited by the state from time to time to ensure compliance.

### ***Maryland State Ethics Commission***

The Foundation is subject to the rules and regulations of the Maryland State Ethics Commission because all Foundation personnel are employed by the state. This law is set forth in the Annotated Code of Maryland, State Government §§ 15-101 through 15-850 (Supp. 2001) and it was enacted for the following purposes:

1. To assure the people the impartiality and independent judgment of officials and employees (including State board and commission members).
2. To avoid improper influence or even the appearance of improper influence.
3. To require officials and employees of disclose financial affairs and to meet minimum standards of ethical conduct.
  - Gift Policy: The State Ethics Commission does NOT allow a State employee to receive a “gift” from any person doing business with a state agency or other agency having financial interests which may be substantially or materially affected by performance or nonperformance of the employee’s official duty.
  - State employees cannot receive “gifts” from the Foundation (except for ceremonial gifts or unsolicited gifts of insignificant value (\$25). This includes:
    - Flowers (\$50)
    - Meals
    - Tickets to events
  - If a gift exceeds the \$25 limit, the additional funds should be collected internally and separately from the Foundation.

The website of the Maryland State Ethics Commission can be found at <http://ethics.gov.state.md.us/bluepamphlet.htm>