

## **Gift Policies – General**

Gifts to the University of Maryland College Park Foundation may be for the general purposes of the University or for the specific use of a designated school, department, institute or agency of the University of Maryland. Donors may direct:

- that a gift be expended in full during one or more years current operations;
- that the gift be used to establish an endowment fund within the Foundation's general endowment pool;
- that funds be 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, 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 College Park Foundation as owner or beneficiary.

Barring any extenuating circumstances, gifts received by the Gift Acceptance Office with appropriate supporting documentation will be deposited within two business days of receipt.

### **Restrictions**

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

UMCPF cannot accept any funds transferred from the University of Maryland or intended for deposit to the University of Maryland.

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

- restrictions which 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 restriction is 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. The CFO of the University of Maryland College Park Foundation should be consulted prior to establishing a scholarship fund.

All activity through the University of Maryland College Park Foundation is maintained through funds. Each fund account is considered separate. However, funds may be grouped together for accounting, investing, and reporting purposes.

Fund accounts are invested under guidelines established by the Foundation's Budget, Audit & Investment Committee. Effective fund management helps the Foundation's assets grow, and through this growth, the Foundation is able to cover its operating costs. As a result, the corpus of all gifts is used entirely for the purpose designated by the donors.

Information about specific accounts is made available only to donors, to those persons serving as account administrators, to deans, and to persons who are legally entitled to receive information, such as federal or system auditors.

Donors may be provided with information on market values, spendable income, names of scholarship recipients, or information on the programs funded and/or the performance results of endowment funds.

Account Administrators receive monthly statements for the accounts they oversee. Additionally, they receive market value and spendable income information.

### **Operating Funds**

These are the very important funds where principal can be expended to support various programs at the University of Maryland College Park.

As with all accounts in the University of Maryland College Park Foundation, an Account Agreement Form must be completed before funds can be deposited to a Foundation account. This agreement outlines: purpose of the account, type of account (operating/endowment), account supervisor, and individuals with authority to deposit and disburse funds from the account. The Account Agreement also provides the Foundation with the name of the individual responsible for receiving statements on the account.

A minimum of \$100 is required to open an account.

### **Endowed Funds**

Provided below are the minimum gift amounts required for an endowment fund to be named by a donor. It is assumed that naming gifts will be paid within a five-year pledge period. The minimum amount required to establish a separate endowment account is \$25,000, payable within a five-year period.

#### **Faculty Development, Recruitment, and Retention**

|                          |           |
|--------------------------|-----------|
| Chair                    | 1,500,000 |
| Professorship            | 500,000   |
| Faculty Fellowship       | 200,000   |
| Faculty Development Fund | 100,000   |

#### **Student Awards and Student Financial Assistance**

##### **Graduate Students**

|                                   |         |
|-----------------------------------|---------|
| Distinguished Graduate Fellowship | 500,000 |
| Graduate Fellowship               | 250,000 |
| Graduate Student Award            | 100,000 |

## **Undergraduate Students**

|                       |         |
|-----------------------|---------|
| Visionary Scholarship | 400,000 |
| Gateway Scholarship   | 200,000 |
| Pathway Scholarship   | 100,000 |
| Scholarship Award     | 25,000  |

## **Programs**

The named gift levels for schools, colleges, department centers, institutes and academic programs will be established on a case-by-case basis. Generally, the endowment will need to generate 10% to 20% of the unit's operating budget, depending on the size of the unit.

## **Facilities**

### **A. Buildings**

The naming level for buildings will be established on a case-by-case basis. Preferably the naming gift will represent 50% of the estimated total but should not be less than 20%. The naming of exterior spaces must be approved by the vice president of university relations, the president and the board of regents.

### **B. Interior Spaces**

The naming level for classrooms and laboratories and other interior spaces will be established on a case-by-case basis. Generally, the naming gift will be expected to represent at least 50% of the estimated cost of the space.

*Note: Based on the policy of the University of Maryland College Park Foundation, approximately 4.5% of the market value of an endowment fund is available each year to support the purposes (s) of the fund.*

## **Memorandum of Understanding**

Before an endowment can be officially established, a fully executed Memorandum of Understanding must be on file at the Foundation Business Office. This document serves as an understanding between the donor and the Foundation as to:

- Name of Fund
- Purpose
- Funding (type and amount)
- Administration
- Recognition, Promotion and Reporting
- Changed Conditions
- Formal Acceptance

The document must be signed by the donor and President of the UMCP Foundation.

As with operating accounts, endowment account holders must also complete the Account Agreement.

## **Real Property**

- Gifts of real property may be accepted only after review by legal counsel and approved by the President of the Foundation or his designee.
- No gift will be accepted from any individual from whom there is not obvious charitable intent. If the proposed gift cannot be used by any department, institute, agency, school, etc. of the University of Maryland, or cannot be sold in a reasonable period of time, (six months to one year) the gift will be rejected. This means that appraisals obtained from outsiders through the Foundation should require that such an estimate be made on the basis of selling the property within a one-year period of time.
- Encumbrances on the property to be placed into trust must be at least 10 years old. Property covered by a mortgage or other indebtedness cannot be accepted as an outright gift unless the obligation is at least five years old. Generally speaking, donors will be discouraged from placing encumbered assets into a trust.
- A donor may retain a life estate for himself and others in the gift property. Expenses for maintenance, real estate taxes, and indebtedness relating to the property will normally be borne by the donor or his primary beneficiary where a life estate is retained in such property.
- Real property deeded to the UMCP Foundation should be in the name of the University of Maryland College Park Foundation, Inc.

## **Appropriate Spending Rules**

The Foundation established a spendable income policy in order to preserve purchasing power of the assets, to protect against erosion of nominal principal and to promote stability and predictability of annual budgeting. This follows a total return policy. The goal is to maintain the real (after inflation) value of the principal. The foundation generally elects each year to adopt the spendable income rate calculated by the University System of Maryland Foundation, as defined below.

### **The University System of Maryland Foundation, Inc's Spending Policy**

The two key components of the policy are to preserve the purchasing power of the assets ("Intergenerational Equity") and to provide a predictable and steady support for programs. Returns over time should be equal to the spending rate plus a consideration of inflation as well as any expense levies.

In order to achieve the above, the Spending Police Committee approves an annual spending rate in February for the coming fiscal year. December 31 values are used to calculate the spending rate.

The Spending Rate is a combination of the following two factors by weighting (a) 30% and (b) 70% to calculate a per unit rate. Once calculated, the rate should be no more than 5% or less than 4% of the moving average market value.

- a. Compute the average market value for the period ending December 31, 20XX using the previous twenty (20) quarters. Calculate 5% of this average market value. This is equivalent of using a moving average as each year the first four quarters drop off and the most recent four quarters are added.
- b. Calculate an adjusted spending rate using the prior year's percentage increased by the Consumer Price Index (CPI).

Calculate an equivalent per unit amount. Compute the distributed amount by multiplying the calculated per unit amount by the number of units attributable to each fund.

### **Terminology**

|              |  |
|--------------|--|
| Market Value | Current market price of the portfolio using the individual security process when available, as indicated by the latest trade record or the values as provided by investment managers when those investments do not have readily determined current values. The value of the total fund includes receipts, disbursements, interest, dividends, realized gains or losses and unrealized gains or losses. |
| Unit Value   | The standard of measurement for the endowment fund. The value of one unit was established in 1985 at \$10.00. Current unit value is calculated by dividing the total market value by the number of outstanding units. New funds and earnings deposited in the account purchase units. Therefore, each fund owns a specific number of units. All disbursements are based on unit value.                 |

The spending Policy is reviewed annually to consider if appropriate adjustment is necessary.