

III. Fiscal Management

A. Acceptance of Monetary Gifts

1. Acceptance of Endowed Scholarship Funds

A named endowed scholarship fund may be opened in any sum amounting to \$10,000 or more. With the approval of the Executive Committee, funds may be established when there are reasonable prospects to attain an amount of \$10,000 within a reasonable period (five years or less). Named endowed scholarship funds of this size should not be restricted beyond general areas and they should be established in such a way that they can be administered on the basis of need. However, the Foundation retains the option to make awards on other basis when extenuating and unusual circumstances arise. Efforts should be made to avoid tightly binding restrictions as to geographical or programmatic areas for relatively small amounts of funds.

2. Acceptance of Endowed Funds

The general rule is that a new endowed fund should not be opened and maintained as a separate fund for sums less than \$5,000, in view of the record keeping and other administrative costs required. With the consent of the Executive Committee of the Board of Directors (or the Treasurer of the Foundation), funds may be opened for smaller sums only when there are clear prospects that the endowed fund will grow within a reasonable period of time (five years), eventually reaching \$10,000.

3. Naming of Endowed Faculty Chairs

The general rule for the naming of endowed faculty chairs is that a gift of \$300,000 is the appropriate level. Endowed and named faculty chairs can be established for lesser sums at the discretion of the Executive Committee on recommendation from the Board of Directors with the following general guidelines:

- a) Where there are reasonable prospects for additional gifts in the future, either from the same donor or from other interested donors, or through some matching program, gifts of less than \$300,000 may be accepted and endowed named faculty chairs created.
- b) The Foundation retains the option of continuing such named endowed faculty chairs indefinitely, but it should not commit itself to retain them for a period in excess of ten (10) years should the endowment sum fail to reach \$300,000.
- c) The agreement with the donor should provide for the disposition of the fund at such time as the Foundation may choose to discontinue the use of the name on a faculty chair. The donor's name, of course, would remain on the permanent endowed fund in

the Foundation's accounts and the income devoted to whatever purpose is provided for in the initial agreement with the donor.

4. Naming of Existing and New Buildings

Upon recommendation of the Foundation Board of Directors and with prior approval from the Board of Trustees of Piedmont Community College, existing buildings are available to be named for a donor under any one of the following conditions:

(a) In cases of major renovations which extend throughout an existing building, the building can be named for the donor provided that the donor's gift covers at least one-half (1/2) of the cost of the major renovation. It is not possible to outline specifically what constitutes a major renovation, but this is a matter which can be resolved in each individual case. (For example, it would clearly be relevant to a \$1 million renovation project. It would not be relevant of a \$50,000 renovation project.)

(b) Existing unnamed buildings may be named for donors in cases where substantial gifts are made by donors to programs conducted within those buildings. It is not possible to provide precise guidelines as to the meaning of "substantial," but individual cases can be readily resolved. A gift of \$500,000, for example, to a technical or vocational program would clearly warrant the naming of that building for the donor; a gift of \$25,000, on the other hand, would be more appropriate for the naming of a scholarship or fellowship.

(c) A new building in the priority listing of College needs, may be named for the donor when, the donor's gift provides at least one-half (1/2) the cost of the new building. An attempt should be made to secure along with the gift some endowment for maintenance of the building, although this is not required for the naming. The Executive Committee of the Board of Directors, and in concert with the Board of Trustees of the College, would retain the flexibility to negotiate individual cases where the best interests of the College are served by some alternative arrangement.

(d) Existing and new buildings may be named to recognize individuals or organizations that have made a significant contribution to the College or its mission. This contribution may be in the form of donations of significant financial or capital resources or through outstanding service to the College or dedication and commitment to its goals. The impact on the image and reputation of the College by its association with the person or

organization selected for this recognition will be considered. At its discretion, the Board of Directors may also consider assigning names of individuals whose local, state, or national leadership is of such stature to warrant this honor.

Until the Board determines the name of a building, its current function, location and generally utilized name will continue to be used.

(e) Naming of buildings on the basis of multi-year pledges will be done only upon completion of payment of the pledge, unless specific exception is made upon approval of both the Foundation Board of Directors and the College Board of Trustees.

B. Acceptance of Non-Cash Contributions

All non-cash contributions will be referred to the Foundation Executive Director for approval before acceptance. The Foundation Executive Director will seek the approval of the Foundation Board and Board of Trustees of the College when he or she deems necessary.

SECURITIES

Gifts of stock may be accepted by the Foundation after review and approval of the Finance and Executive Committee of the Foundation.

LIFE INSURANCE

To receive a tax deduction for premiums paid, the donor must irrevocably declare the Foundation owner and beneficiary of the policy.

Premium payments from the donor will be accepted as a gift to the Foundation. The premium will be paid to the Insurance Company by the Foundation.

If a donor ceases to contribute the premium, the Foundation Board will consider continuing premium payments or cashing in the policy, whichever is more financially beneficial to the Foundation.

Ownership of paid up Life Insurance Policies may be transferred to the Foundation at any time with the donor receiving contribution credit for the cash value of the policy at the time of gifting and the face value of the policy upon its receipt after the death of the donor.

GIFTS OF PERSONAL PROPERTY

Before deciding to accept a gift of personal property, the Foundation must take into consideration possible use by the College, repairs, transportation, salability, storage, and maintenance.

1. Gifts in excess of \$5,000 must by law meet certain criteria:
 - a) Donor must pay for appraisal by a qualified appraiser.
 - b) The Foundation must acknowledge in writing the appraisal because the donor will need to attach it to his tax return.
 - c) The Foundation is required to notify the Internal Revenue Service of the sale price of any property gift sold within 2 years of the date of the gift.
2. Gifts of Boats, vehicles, and other forms of transportation must meet the acceptance criteria stated above and in addition, insurance must be considered.
3. Works of Art will be accepted by the Foundation but:
 - a) The decision to display the art at the College will rest with the College Administration
 - b) No commitment will be made to keep the art if it is not suitable for the College. It will be sold.
 - c) It will be placed on the Foundation's books at \$1.00 unless the donor provides an independent appraisal.
 - d) The donor will be made aware that since the art gift may not be "related to the charitable purpose" of the Foundation, they may not receive the same deduction they would if given to an art museum.
4. Gifts of Furniture
 - a) Gift of furniture will be accepted if it is usable by the College or can be easily sold for an amount approximating the amount the donor wishes to take as a tax deduction.
 - b) Donors must establish their own deduction.
 - c) When the item is to be used by the College, the Foundation may ask a local furniture dealer to give an estimate of value so it can be booked as an asset.
5. Gifts of Used Equipment
 - a) Equipment will be accepted when it is needed by the College.
 - b) It will be carried on the College's books at cost less estimated depreciation.
6. Gifts of Miscellaneous Personal Property
 - a) Other personal property gifts will be accepted if they are readily usable by the College or are easily sold.

- b) The donor is responsible for establishing the value of the item. The Foundation Office will inform the donor if the value placed on an item cannot be realized by its sale.

GIFTS OF REAL ESTATE

The Foundation Board will accept gifts of Real Estate after careful review of the gift by the Finance and Executive Committee.

All gifts of real estate will be appraised by a qualified appraisal firm, totally independent of the donor, the College, or the Foundation. The appraisal will establish the donor's tax deduction, give a reasonable value to carry the asset on the Foundation's books, and establish an asking price for the property.

The donor will be asked to pay for the appraisal, as it is tax deductible for them. The appraisal must be acknowledged by the Foundation in writing and attached to the donor's income tax return.

The property must be free of hazardous wastes or potentially dangerous materials.

If the property is to be sold, it will be listed with a broker in the area it is located at the appraised value.

The Foundation by law must notify the Internal Revenue Service of the resale price if the property is sold within two years of the gift.

Mortgaged properties will not be accepted unless the mortgage amounts to 50% less than the value established by an independent appraisal and a written agreement relative to the payment of the mortgage is entered into between the donor and the Foundation.

Gifts of commercial property require consideration of property tax and mortgage liabilities and the possibility that the Foundation may have to pay income tax on unrelated business income and that as a non-profit they receive no tax benefit from depreciation.

C. Fund Raising Policy

All fund raising activities must be approved by the Board of Directors with appropriate plans, schedules, and budgets outlined. Each activity must be assessed to determine the goal of the activity, the number of staff and volunteer manhours required, and the net dollar amount expected to be raised. Only activities/events raising \$5,000 or more should be considered unless the activity requires only minimal manhours and expenses.

D. Investment Policy

The Piedmont Community College Foundation, Inc. Investment Policy and Related Matters

SECTION I

The purpose of the document is to provide a basis for the Piedmont Community College Foundation, Inc., through its Finance & Executive Committees to discharge properly their responsibility for the preservation and enhancement of endowment funds, quasi-endowment funds and all other funds for which it serves as the depository.

The Finance & Executive Committees will act as financial advisors to the Board of Directors of the Foundation (herewith referred to as the Foundation). This financial advisory group will hereafter be referred to as the Investment Policy Committee with responsibility for:

- (1) The preservation of endowment principal and to provide a base for generating income to meet future needs.
- (2) Insuring that the regulations under Title III of the Higher Education Act of 1965, as amended in 1986, are adhered to regarding the Endowment Fund, and assuring that financial reporting to the United States Department of Education is done on a timely basis.
- (3) Advising the Foundation in the selection of brokerage firms, investment houses or other financial institutions regarding the investment(s) t(s) to achieve maximum returns with consideration for safety and liquidity.

The amount of income to be used for donor designated purposes may vary dependent upon the current rate of return on investments. The purpose of the Investment Policy Committee is to reflect the intent and objectives of the Foundation with regard to investment income.

The principal influence on investment policies will be the preservation of the Foundation's assets purchasing power. It is a key objective to obtain rates of return higher than the United States inflation rate at consumer price level, as measured by the United States Department of Commerce.

It is the Investment Policy Committee's intent to periodically review the philosophy, policy and other guidelines stated herein, and update as required to recognize the general market and economic conditions, and the Foundation's specific income needs.

SECTION II

AUTHORITY & RESPONSIBILITY FOR INVESTMENT POLICY

The Finance & Executive Committees are standing committees of the Piedmont Community College Foundation, Inc. The chairman of the Finance Committee shall be appointed by the Foundation's President, subject to ratification of the Board. Each member of the Finance Committee is appointed by virtue of their office, subject to final approval by the Board of Directors of the Foundation. A member may be a person actively engaged in, closely related to, or professionally interested in financial management, and with a significant track record in community involvement and financial expertise. The Finance Committee will consist of three active members to include the Treasurer. Each member is appointed, including the Chairman, for a one-year term. The Chair will be selected from Committee members other than full-time staff of the Foundation or College. The Executive Director shall serve on both the Executive and Finance Committees and as ex-officio member.

The Finance Committee chairman will chair the Investment Policy Committee. In case of his/her absence the Chairman of the Executive Committee will chair the meeting and assume the responsibilities of the Chairman. In the event the Finance Chairman and the Executive Committee Chairman are absent the Vice President of the Foundation will automatically assume the responsibilities of the Chairman. The Chairman of the Finance Committee, the Executive Committee and the College President will work closely with one another to assure smooth operations. If a member should terminate his or her term, a replacement will be appointed by the Chairman of the Committee subject to ratification by the Executive Board of the Foundation. Each member will not be personally or professionally liable for the advice provided to the Investment Policy Committee.

The College President by virtue of the office, will serve as secretary. The duties of the secretary shall be as follows:

1. To record and maintain minutes on all committee meetings to serve as a permanent record.
2. To keep an accurate list of the Committee's membership and their professional status.
3. To carry on general correspondence of this committee as may be assigned to him/her by the Chairman.

The presence of a majority of the Investment Policy Committee members shall constitute a quorum at any meeting, and all questions shall be determined by a majority vote of those members present. In case a decision or advice is required prior to the meeting of the Committee, the Chairman of the Committee could, at his/her initiative, poll the membership via telephone or other electronic means of communication to discuss the immediate issue at hand and at least a quorum of the Committee must be contacted. The

Secretary will record the vote to advise the Board of the Foundation. This record will be incorporated in the minutes of the next meeting of the Investment Policy Committee.

The Investment Policy Committee will work closely with the Piedmont Community College Administration to insure a financially sound Foundation and to foster interaction between the College's financial goals and the Foundation's investment policies.

GENERAL INVESTMENT POLICY

The overall investment objective of the Foundation is to obtain the best possible return on investments, and that such a return is the sum of the yield (defined as interest, dividends, etc.) and change in market value (realized and unrealized) commensurate with the degree of risk the Foundation is willing to assume in obtaining such return to maintain the purchasing power of income and protect the real value of endowment principal.

SECTION III

INVESTMENT POLICY

The Foundation's investment philosophy is based on the recognition that there may be an inflationary loss of the dollar's purchasing power. Consequently, the endowment funds in total should be invested to achieve positive growth in excess of inflation; ideally two to four hundred basis points above the consumer price level. The major part of endowment growth must continue to come from the addition of new gifts.

The Investment portfolio will be diversified to provide reasonable assurances that no single security (investment) or class of securities (investments) will have a disproportionate of significant impact on the total portfolio. Diversification of the portfolio will be based on economic and financial scenarios presented to the Committee by Investment Manager's and through consideration of committee members' perspective on the economic outlook. At least every three years the Foundation's endowment funds should be placed on bid.

OTHER OPERATING PRINCIPLES AND REPORTING REQUIREMENTS

The custodial responsibility for all securities will remain with the Foundation. As a financial advisory body, the Investment Policy Committee will exercise the right to instruct investment managers and/or brokerage firms to obtain independent performance analyses and other services.

Performance measurements will be reported by the designated advisor(s) on a quarterly and moving 12-month basis, or as the Committee deems necessary. Each manager will be requested to report on the quality of the respective investment vehicles (Standards & Poors or Moody Ratings). The report, at minimum, should comment on the following points:

- 1) Economic and financial overview.
- 2) Review recent and anticipated investment activities.
- 3) Analysis of major changes that have occurred since the last report.
- 4) Comment on the general condition and anticipated action of the securities market.
- 5) Approximate current income yield of the portfolio at the reporting date.

The Investment Manager(s) shall provide a comprehensive report, at least quarterly, or upon the Investment Policy Committee's request, discussing the activities, highlights, extraordinary situations, and other necessary information to provide an overview of the portfolio(s) for the Committee. Copies of the report shall be furnished to the Executive Director and the Chairman of the Investment Policy Committee.

For all security transactions the manager, unless otherwise approved, shall place, buy and sell orders with broker-dealers based on the directive of the Investment Policy Committee's goals and expectations. A review of the manager's fee structure will be conducted as deemed prudent; any additional increases in commissions and management fees must receive full committee approval.

History Note: January 4, 1989

E. Capitalization Policy

The Foundation's fixed asset policy provides for capitalization of all expenditures for land, buildings, and equipment in excess of \$500. The fair market value of donated fixed assets is similarly capitalized. Donated properties having a value of \$500 or more must be kept for a period of two years, or be used up in an instructional process. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

F. Spending Policy

The objectives of-the Investment Committee are:

1. to ensure a total return necessary to at least preserve and enhance in terms of real dollars, the principal of the endowment fund;
2. to provide a dependable source of funds for current operations; and
3. to provide for financial equilibrium (increasing funds available for current purposes at a rate equal to other major institutional revenue sources).

These objectives provide both a comprehensive concept of financial responsibility; and a delicate sensitivity to preserving educational quality by appropriately balancing present institutional resource needs with those of the future.

Endowment income spending should be related to the long term investment return objectives of maximizing total return on the endowment considering market value for the purpose of determining prudent spending limits. These guidelines ensure, to the degree

possible, that the amount taken from the endowment will increase in a modest and controlled way each year.

The corpus of the endowment funds received under the Endowment Challenge Grant (U.S. Department of Education) must remain invested in accordance with the established federal guidelines for a period of twenty years, with fifty percent (50%) of the endowment earnings remaining with the endowment fund. The balance of the endowment earnings is available for spending under the policies and procedures outlined by the Board of Directors. Endowment investments will be made in accordance with the established guidelines above.

Based on the current rate of return on investments, a spending rate of five percent (5%) is in effect on endowed funds. This spending rate may be changed subject to approval by the Board of Directors.

G. General Accounting Procedures

Fiscal records will be maintained using generally accepted accounting principles. A comprehensive audit of all fiscal records will be conducted by a qualified external auditor on an annual basis for the accounting period starting July 1 and ending June 30 of the following year.

H. Gift Acknowledgement and Recognition Policy

Acknowledgement

1. The Foundation Executive Director will generate letters/notes of appreciation on Foundation stationery. The Foundation chairperson or other appropriate person designated by this policy will sign Letters/notes.
2. Letters will be mailed first class.
3. All acknowledgment letters will contain a statement of the amount of the gift which will serve as a receipt. In January of each year, the Foundation will send a statement of giving for the year to the donor.
4. The Foundation Office will maintain all gift records for a period of at least seven years following the donor's last gift.
5. Individual files will be maintained for all donors.
6. Premiums or gifts offered to the donor in response to their gift will be handled according to current IRS guidelines. An explanation of these guidelines will be maintained in the Foundation Office for reference purposes.
7. Whenever possible donations will be acknowledged within two business days.

Recognition

1. A donor's right to privacy and request for their gift to remain confidential will be respected.
2. A donor requesting anonymity will receive no public recognition.
3. All donors will be invited to College special events: Open Houses, special programs, ground breaking, etc.
4. All donors will be recognized in the College's annual report and newsletters.

In addition to recognition stated in 1 – 4:

President's Club

President's Club members are recognized with individual plaques.

Heritage Society (Endowed Scholarship Program)

Heritage Society members are recognized with individual plaques as well as plaques on the Heritage Society Wall in the Timberlake Art Gallery on the Person County campus and in the hallway near the lobby on the Caswell County campus.

Endowment Fund Drive

Endowment Fund Drive donors were recognized with individual plaques and a plaque on the wall of the Timberlake Art Gallery.

Special Fund Drive –

Donors are recognized with individual plaques as well as a plaque on the building or classroom.

Building a Legacy Society – (planned giving)

1. A donor who has made a documented planned gift in excess of \$1,000 to the Foundation will be recognized in his/her lifetime on the Building a Legacy Society plaque. The gift may be in the form of annuities, insurance, bequests, trusts, etc.
2. Documentation of the gift will be required. A letter from a donor's attorney, trust officer, CPA, or an insurance policy will be acceptable. The letter need only state that the gift will be in excess of \$1,000.
3. At the time the gift is received by the Foundation, the donor's name will be added to the Building a Legacy Society plaque.

4. Planned Gifts, unless otherwise restricted by the donor or Foundation Board, will be applied to the Endowment Fund.

PLEDGES

Donor thanks and recognition will be executed according to this Policy.

Any contribution made by pledge or letter of intent shall receive a reminder of their payments from the Foundation Office. Failure to respond to the reminder within 30 days prompts a second reminder letter. If no response, the individual or business/industry will be contacted by an Annual Support or Business & Industry committee member to determine if the reminders were received and/or if there are special concerns.

Adopted: May 18, 2005