

RESOLUTION F04-26

**RATIFICATION OF SHAWNEE STATE UNIVERSITY FOUNDATION
RESOLUTION 2025.3**

WHEREAS, as the sole member of the Shawnee State University Foundation, the Board of Trustees of Shawnee State University must ratify Foundation policies and board members; and

WHEREAS, a review of SSU Foundation policies was undertaken, and updates were required; and

WHEREAS, the Shawnee State University Foundation has acted and approved Resolution 2025.3 at its December 5, 2025 meeting and hereby recommends to the Shawnee State University Board of Trustees revisions to SSU Foundation Policies as presented;

THEREFORE, BE IT RESOLVED that the Board of Trustees of Shawnee State University hereby approves the attached Foundation Resolution 2025.3.

(February 13, 2026)

SSU FOUNDATION RESOLUTION 2025.3

Shawnee State University Foundation Policies

WHEREAS, as the sole member of the Shawnee State University Foundation, the Board of Trustees of Shawnee State University ratifies Foundation policies and board members; and

WHEREAS, a review of SSU Foundation policies has been undertaken and updates are required;

THEREFORE, BE IT RESOLVED, the SSU Foundation hereby recommends to the SSU Board of Trustees, revisions to SSU Foundation policies as presented.

I. PURPOSE AND OVERVIEW

- a. The Shawnee State University Foundation (hereafter referred to as the “Foundation”) maintains a fiduciary responsibility to manage donor gifts and endowment funds in accordance with donor intent and institutional priorities. This policy revision establishes September 30 as the annual measurement date for determining fund availability, replacing the previous date of December 31. This change enhances coordination with Shawnee State University’s Financial Aid processes, promotes timely distribution of resources, and strengthens the Foundation’s commitment to supporting student success while preserving long-term donor trust.
- b. This policy revision updates the official title of the Foundation’s chief executive role from Executive Director of Development to Executive Director of the Shawnee State University Foundation. The change aligns with the recent departmental reorganization, clarifying the position’s primary responsibility for the overall leadership and management of the Foundation rather than focusing solely on development activities. This adjustment ensures consistency across organizational documents, reinforces the Foundation’s governance structure, and accurately reflects the scope of duties associated with the role.

II. PROPOSED POLICY STATEMENT

ATTACHED.

SHAWNEE STATE UNIVERSITY FOUNDATION POLICIES

- 1.0 Fundraising & Development Activities
 - 2.0 Gift Types
 - 3.0 Accounting & Reporting
 - 4.0 Governance, Management and Disclosure Policies
 - 5.0 Use of Gifts & Endowment
 - 6.0 Investment Policies
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- 1.0 Fundraising & Development Activities
 - 1.1 Shawnee State University (“University”), seeks to obtain gift and grant support from alumni, friends, corporations, foundations, government and quasi-governmental entities. Gift and grant support is a necessary financial supplement for the University, its schools and colleges, and its students.
 - 1.2 The Shawnee State University Foundation (“Foundation”) has the mission of making friends and raising funds in support of Shawnee State University. The Foundation is responsible for implementing fundraising plans to meet university needs, for cultivating, soliciting and stewarding gifts and grants in support of those needs, and for recommending and approving activities in support of the solicitation and acquisition funds for that purpose.
 - 1.3 The Foundation is responsible for custody, management, and stewardship of funds and property received in support of Shawnee State University. The Foundation is the conduit for all donated funds and other contributions to the University and gifts made to Shawnee State University will be received by the Foundation.
 - 1.4 Staff and volunteers of the Foundation shall promote the overall academic and cultural goals of the University, and steward funds to ensure high quality investment, careful spending, and thoughtful gift acknowledgment.
 - 2.0 Gift Types
 - 2.1 The Foundation welcomes gifts of all types, but reserves the right to refuse any gift for any reason, including but not limited to acceptance causing unacceptable expenses, creating a conflict of interest or perception thereof, or is otherwise not in the best interest of the Foundation or University. The Foundation Board Executive Committee will make determinations regarding gift acceptance in cases where the gift is not explicitly permitted herein or the Executive Director of SSU Foundation otherwise deems a review is warranted.
 - 2.2 Where the acceptance of a gift or pledge entails an expressed or implied financial obligation on the part of University, the Foundation shall seek review and approval from the University prior to receiving the gift.

- 2.3 Cash. The following are gifts are presumed acceptable: cash, checks, money orders, electronic transfers, pledges, or promises to give, both conditional and unconditional. The Foundation may refuse conditional pledges if it deems any condition impossible to satisfy. A pledge without a signed pledge form is an intent to give, will not be recorded as an asset of the Foundation, and will not receive commemorative status.
- 2.4 Pledges. Written and signed pledges are presumed contributions receivable and, if deemed to be unconditional, are recognized as revenues in the period they are received. They are recorded at net realizable value if expected to be collected in one year and fair value if expected to be collected in more than one year.
- 2.5 Gifts-In-Kind. Gifts-in-kind, both asset and non-asset, are presumed acceptable:
- (1) Asset gifts-in-kind: The Foundation will accept donations of materials and facilities, to the extent that the fair market value of said donations can be readily determined, the donated item's useful life is defined, and receipt of the donated item(s) creates or enhances a Foundation asset. Gifts with claimed values of \$5,000 or more must be accompanied by a qualified appraisal, the cost of which is the donor's responsibility.
 - (2) Non-asset gifts-in-kind: The Foundation will accept gifts whose value may be indeterminate, but which nonetheless have educational, artistic, historic, scientific, or other importance. The Foundation has the right to sell donated property unless an agreement otherwise is made with the donor. If there is a cost associated with the acceptance of such a gift, the donor may be asked to be responsible for all or part of the cost.
 - (3) Donated services: The Foundation will accept donations of service for commemorative value, to the extent that the fair market value of said donations can be readily determined, and the service either creates or enhances a Foundation asset or precludes the purchase of similar service.
 - (4) Clark Memorial Library: Gifts-in-kind to the Clark Memorial Library ("CML") are encouraged, with the understanding that the CML decide on acceptance and disposition of any such items, including whether an item will at the time of gift or anytime thereafter be added to the CML collection, temporarily or permanently displayed, sold, exchanging, donated, or otherwise discarded. All other rules under Section 2.5 above apply as applicable.
 - (5) Intellectual Property: The Foundation may accept gifts of intellectual property in the form of patents, copyrights, trademarks, trade secrets, artworks, musical compositions, and other similar or related property rights. The Foundation has the right to sell donated property unless an agreement otherwise is made with the donor.
- 2.6 Perpetual Trusts. The Foundation may accept perpetual trust agreements and charitable remainder trusts, both charitable remainder annuity trusts (CRATS) and

charitable remainder unitrusts (CRUTS), but will not act as trustee.

- 2.7 Life Insurance. The Foundation may accept gifts of life insurance policies which build cash value (whole-life, universal life and variable life policies) and will accept both existing life insurance policies and life insurance policies purchased specifically for the Foundation. The Foundation must be the irrevocable owner, beneficiary, and holder of any insurance gift. A term life insurance policy that names the Foundation as a beneficiary will be construed as an intent to give and will only be recorded as a gift if accompanied by a written and signed pledge agreement in accordance with the terms hereinabove.
 - 2.8 Charitable Gift Annuity. The Foundation may accept charitable gift annuities and deferred gift annuities for a minimum of \$5,000 for the initial contribution and \$2,000 for each additional contribution. Further, the Foundation will accept annuity contributions for one life, two lives in succession, or joint and survivor agreements and will also accept Deferred Gift Annuities. Contributions will be limited to cash, securities, and real estate for which there is a ready market. Charitable gift annuity payment rates vary by the donor's age. The Foundation will use, as a maximum, the annuity table suggested by the American Council of Gift Annuities.
 - 2.9 Bequest. A bequest of estate documented by a copy of the donor's will or a letter from the donor confirming the commitment will be encouraged.
 - 2.10 Gifts of Real Property. Real estate donations and charitable bargain sales may be accepted, but are presumed to be subject to review by the Executive Committee. Acceptance is contingent upon several issues, including but not limited to location, marketability, improvements, accessibility, and parcel size. Gifts of real property with donor-retained life estate may be accepted.
- 3.0 Accounting & Reporting
- 3.1 Gift Processing. It is the policy of the Foundation to process gifts in the most timely manner possible.
 - 3.2 Accounting Procedures. The Foundation shall establish and maintain procedures and processes related to operational accounting and gift reporting, including but not limited to cash handling and disbursement, gift receipting, month-end closing, and year-end closing.
 - 3.3 Fund Deposits. All gifts shall be deposited into the Foundation account by specific designation, e.g., scholarship, library, unrestricted, temporarily restricted, or permanently restricted, etc., as designated by the donor or by the donor's representative and agreed to by the Executive Director of SSU Foundation . If there is no designation, the gift will be deposited in unrestricted funds.
 - 3.4 Gift Valuation.

A cash gift shall be entered and assigned to a specific fund. The amount of the gift shall determine the donor's gift club status (as later defined in Section 3.12) and such status will be recorded when the gift is entered. A pledge of a gift shall be entered as a pledge to a specific account and a pledge reminder shall be sent to the prospective donor at the time the donor requests and/or in November of the year the pledge is made. Matching gift accounting will be included in a donor's giving record where applicable.

A gift-in-kind shall be entered for the estimated fair market value of the gift as determined by the donor and accepted by the Foundation. The donor will receive non-cash credit for the value and may apply it to gift club membership. A gift of stock (securities) shall be entered for the market value of the stock on (1) the day the stock is transferred to the Foundation; or (2) the date of the newly-issued stock certificate in the Foundation's name; or (3) the date the stock power and/or the stock certificate is mailed or brought to the University as agreed upon by the donor and the Executive Director of SSU Foundation t. The gross (market) value shall be credited to the donor and applies for gift club membership. The proceeds realized from the sale of the stock will be entered and assigned to a specific account.

A gift of a bond shall be entered at the market value of the bond. The donor shall receive credit for this value and such credit applies to gift club membership. The donor does not receive gift credit for the dividends realized from the bond; the dividends may be assigned to a specific account designated by the donor.

Real property shall be entered for the fair market value as determined by the Foundation Board and in accordance with generally accepted accounting principles.

- 3.5 Receipting and/or Acknowledging. All gifts shall be receipted and acknowledged for the tax year the gift is made.
- 3.6 Gifts in Kind. The Executive Director of SSU Foundation will establish procedures for the review, acceptance and processing of gifts in kind to ensure full compliance with IRS rules and to ensure that the burden and costs of tax deductibility for such gifts rests with the donor. Gifts in kind placed in use or held by the Foundation, will be valued at appraised value or, where no formal appraisal is required, at a reasonable value placed on it by the donor. Gifts in kind not placed in use or held by the Foundation will be valued at zero dollars.
- 3.7 Doubtful Pledge Allowance. The Foundation will use the allowance for doubtful pledges receivable, a contra-asset account, to reduce the reported amount of the pledge receivables to the estimated amount that is expected to be collected. To calculate the estimated amount to be collected, pledge receivables will be individually reviewed at the end of each fiscal year. At that time, the Foundation will evaluate the collectability of the pledges based on historical collections and other knowledge obtained on the individual pledge. The Foundation shall provide a report to the Accountant at year end which individually lists all pledges, sorted by restriction and expected receipt of the pledge, indicating the amount estimated to be

uncollectible. The total of all estimated amounts determined to be uncollectible will be recorded to the allowance for doubtful pledge receivables account and netted against pledge receivables for reporting purposes. The Foundation is required to report unconditional pledge receivables due greater than one year at fair value. Therefore, these pledges must be appropriately discounted to reflect the correct fair value. To calculate the discounted pledges, the pledge receivables outstanding are evaluated individually for their expected receipt of the pledge. All pledges that are due greater than one year will be discounted using a rate equal to the Moody AAA corporate bond rate at the date of the gift. The daily AAA Corporate bond rates will be downloaded from the Federal Reserve Bank website and used to determine the pledge discount rate. The total calculated discounted amount (gross pledge less present value of pledge) will be recorded to the contra-asset account labeled Discounts – long term pledges and then netted against the gross receivables for reporting purposes.

- 3.8 Write-Offs. Contributions receivable (pledges) should be written off when there is relative certainty that no further payments will be received. At least once per year, the Foundation shall mail to all donors with outstanding pledge commitments, whether delinquent or not, a Pledge Statement, or Pledge Reminder, or both, that shall notify the donor of her respective pledge account status. Pledges will be written-off if a donor delivers written documentation to the Foundation that no further payments will be made by the donor to the Foundation in fulfillment of the outstanding pledge. In the absence of such written documentation from a donor, pledges will be written off at such time as: (a) no payment has been made toward the pledge for at least two years following either the most recent payment due date (In the event of a multi-year pledge or other pledge requiring scheduled periodic installment payments, each scheduled periodic installment payment shall be deemed a payment due date) or the most recent communication from the donor otherwise indicating an intent to make a payment; and (b) for pledges with an outstanding unpaid balance under \$10, the pledge may be written off at the discretion of the Executive Director without further action; or for pledges with an outstanding unpaid balance of \$10 or more, where the Foundation has sent a letter to the donor's last known address requesting information on the status of the pledge and the donor has not responded for at least thirty (30) days. Prior to the close of each fiscal year, the Foundation shall prepare a report of all accounts that meet the foregoing criteria and the University President shall review and approve all such pledge write-offs.
- 3.9 Capitalization Policy. The Foundation and its employees have a fiduciary responsibility to the local community and to the University it serves to properly capitalize and depreciate all capital assets. A Capital Asset is defined as a unit of property that meets both of the following conditions: (1) has an economic useful life that is greater than 12 months; and (2) the combined acquisition cost plus placed in service cost are more than \$10,000. Repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized at cost. All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets, meeting the definition of a capital asset above, will be capitalized at cost on

the date acquired. Any items costing less than the aforementioned amount will be expensed on the Foundation's books during the appropriate fiscal period. Any items with an economic useful life less than 12 months are required to be expensed for financial statement purposes, regardless of acquisition cost. Depreciation will be computed using the straight-line method over the useful life of the asset as follows: office equipment and furniture 5 years; land improvements 15 years; buildings 40 years. Donations of land, buildings and equipment are recorded as support and capitalized at their estimated fair value at the date of the gift. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Donations of long-lived assets received by the Foundation without donor-imposed stipulations about how long the property must be used will be recorded with no implied time restriction. Therefore, by not implying a time restriction the unrestricted net assets are increased by the full amount of the contribution in the year of the donation, and then decreased each year until the building or property is fully depreciated.

3.10 Gift Credit for Commemorative/Naming Opportunities. Gifts to the Foundation may be credited by the Foundation for commemorative value in a different manner than that accepted by the Internal Revenue Service. Naming opportunities may be reserved under certain circumstances with approval by the Foundation Board. Gift credit for all gifts will count toward commemorative opportunities such as published listings, club memberships, and naming rights for buildings, rooms, and programs, according to the following guidelines:

3.10.1 Cash is counted at face value.

3.10.2 Pledges are counted at face value when properly documented. The named gift opportunity will be activated when 50% of the total pledge is made.

3.10.3 Gifts of stock and securities shall be valued at the (gross) market value of the stock on (1) the day the stock is transferred to the Foundation; or (2) the date of the newly-issued stock certificate in the Foundation's name; or (3) the date the stock power and/or the stock certificate is mailed or brought to the University as agreed upon by the donor and the Executive Director of SSU Foundation. The gross (market) value shall be credited to the donor and applies for gift club membership. The proceeds realized from the sale of the stock will be entered and assigned to a specific account.

3.10.4 Real property, personal property, equipment and other in-kind gifts. A gift-in-kind shall be entered for the estimated fair market value of the gift as determined by the donor or by the donor's representative, based on valuation of an expert individual appraiser, and accepted by the Foundation. The donor will receive non-cash credit for the value and may apply the value to gift club membership. Where the donor does not accompany this gift with an appraisal, the university may value the gift based on a "best estimate". Further, if the value of the gift to the University exceeds its fair market value, the University may consider its greater value for internal and/or

commemorative purposes.

- 3.10.5 Charitable lead trusts shall be counted at the cumulative value of the annual gifts received. The named gift opportunity will be activated when 50% of the total pledge is made.
- 3.10.6 Charitable Remainder Trusts (for which the University is the irrevocable beneficiary) will be counted at fair market value of the assets given, if the donor is 65 years of age or older. If the donor is less than 65 years of age, the value of the charitable remainder trust for commemorative opportunity purposes will be reduced by 1 % for each year between the donor's age and age 65.
- 3.10.7 Insurance gifts which are fully paid up will count at full value of the death benefit if the insured is 65 years of age or older. If the donor is less than 65 years of age, gifts of fully paid up insurance will be reduced by 3% for each year between the donor's age and age 65. The donor will receive credit of a minimum of two times the cash value of the policy. Insurance gifts, by donors of 65 years of age or older, which are not yet paid up will count for full death benefits if the policy is paid within five years. If the insured is less than 65 years of age, insurance gifts for which the donor is paying premiums will be reduced by 5% for each year between the donor's age and age 65. The donor will receive credit of a minimum of two times the value of five years of premium payments. For gifts of insurance, the Foundation must be the irrevocable owner, beneficiary and holder of a life policy. Universal life and variable insurance policies will be evaluated on a case by case basis.
- 3.10.8 A charitable gift annuity by donors of 65 years of age or older will be counted at the full amount of the annuity. A charitable gift annuity by donors under the age of 65 will be reduced by 1% for each year between the donor's age and age 65. Credit for Deferred Gift Annuities will be based on the age that payments begin.
- 3.10.9 An irrevocable bequest, documented by a pledge to make a will, documented copy of the donor's will or a letter from the donor or the donor's attorney confirming the commitment, will be counted at full value for individuals 65 years of age or older. For individuals under age 65, the gift will be reduced 5% for each year between the donor's age and age 65. The University will also require a signed statement attesting to the present value of the gift.
- 3.11 Publicity Procedures. The Foundation shall establish and maintain procedures and processes related the receipt, acknowledgement, recognition, and publicity of gifts and gift commemoration.
- 3.12 Gift Clubs and Benefits. The Foundation shall establish and maintain procedures and processes for recognition of donors who make pledges and gifts of certain amounts, cumulative amounts, for consecutive periods of time, or for other

milestones as may be determined. Any benefits provided in connection with such clubs shall be disclosed to the donor in accordance with IRS regulations.

- 3.13 Stewardship. Financial and informational reporting is a high priority of the Foundation and as such the Foundation will prepare and distribute: (1) an annual report for the organization describing Foundation fundraising, revenue, expenses, supported programs, and other financial and non-financial activity for donors, alumni, supporters, and other Foundation and University constituents; (2) an annual report for all donors with whom endowment agreements have been made about the state of their funds, interest earned, etc.; and (3) a quarterly report of all gifts made to the Foundation from the beginning of the year (July 1) to the current date with corresponding information from the previous three years for the Foundation Board and University President.
- 3.14 Anonymous Donors. The Foundation will take reasonable steps to honor and protect the anonymity of donors who express a desire to remain anonymous to the extent permitted by law.

4.0 Governance, Management and Disclosure Policies.

- 4.1 Scope. The following statement of policy applies to each member of the Foundation Board and to all officers of the Foundation. It is intended to serve as guidance for all persons employed by the Foundation in positions of significant responsibility for the activities of the Foundation.
- 4.2 Fiduciary Responsibilities. Members of the Foundation Board, officers, and employees of the Foundation serve the public trust and have a clear obligation to fulfill their responsibilities in a manner consistent with that service. All decisions of the Board and officers are to be made solely on the basis of a desire to promote the best interest of the Foundation and Shawnee State University. The integrity of the Foundation and Shawnee State University must be protected and advanced at all times.
- 4.3 Foundation members and employees inevitably are involved in the affairs of other institutions and organizations. Each director, officer, and employee is responsible for ensuring that the Board is made aware of situations that involve personal, familial, or business relationships that may be a conflict of interest or create an appearance of a conflict for the Foundation or Shawnee State University. Thus, the Board requires each Foundation Board member and officer annually (1) to review this policy; (2) to disclose personal, familial, or business relationships that reasonably could give rise to a conflict of interest involving the Foundation or Shawnee State University; and (3) to acknowledge by signature that he or she is in accordance with the letter and spirit of this policy.
- 4.4 All Foundation Board members and officers should disclose only those substantive relationships that they maintain (or members of their family maintain) with organizations that do business with the University, Foundation, or any related or

affiliated organization, or which otherwise could be construed to affect potentially their independent, unbiased judgment in light of their decision-making authority or responsibility. Any uncertainties as to the appropriateness of listing a particular relationship may be resolved by consultation with the Chair of the Foundation, who in turn may consult with Shawnee State University General Counsel, or the University Board of Trustees.

4.5 Monitoring and Enforcement. The Executive Director of SSU Foundation shall annually review all conflict of interest forms submitted by members of the Foundation Board. Any conflicts which may exist shall be brought to the attention of the member of the Foundation Board.

4.6 The following definitions are provided to assist Foundation Board members and officers in determining whether to disclose a particular relationship:

Substantive Relationship. One in which a Foundation Board member, officer or family member, or an organization with which the Foundation Board member, officer, or family member has a business relationship, (1) does ongoing business with the University, the Foundation, or any related or affiliated organization or (2) has other direct or indirect dealings with the University, Foundation, or any related or affiliated organization from which the Foundation Board member, officer or family member benefits directly, indirectly or potentially from cash or property receipts totaling \$1,000 or more annually.

Business Relationship. One in which a Foundation Board member, officer, family member, or employee is an officer, director, employee, partner, trustee, controlling stockholder, or the actual or beneficial owner of more than 5% of the voting interest of an organization.

Family Member. A spouse, parent, sibling, child or any other relative of a trust or officer if the latter resides in the same household as the Foundation Board member or officer.

4.7 Restraint on Participation. Foundation Board members or officers who have declared or have been found to have a conflict of interest shall refrain from consideration of proposed transactions, unless for special reasons the board or administration requests information or interpretation. Persons with conflicts shall not vote, participate in discussion, nor be present at the time of the vote. Any proposed transaction in which a conflict of interest has been declared or found to exist must be approved by a majority of the disinterested members of the Board or the appropriate committee of the Board after disclosure of the conflict of interest.

4.8 Whistleblower Policy. The State of Ohio whistleblower laws shall apply to all employees of the Foundation or University employees providing services to the Foundation.

4.9 Document Retention and Destruction. The Foundation shall follow the University

Document Retention Schedule and Policy.

- 4.9 Records Request. The Foundation shall follow the University Records Request Policy.
 - 4.10 Compensation Plan. The Foundation may contract with University for its personnel needs with compensation established in accordance with University compensation policy and through the Foundation budget.
 - 4.11 Joint Ventures. All joint ventures or similar arrangements with taxable entities shall be examined and reviewed to ensure the tax-exempt status of the Foundation shall not be compromised nor put in jeopardy. The Director of the Foundation shall submit an annual report to the Foundation Board and the University Board of Trustees on all joint ventures with taxable entities, including, but not limited to, a review of applicable federal tax laws as well as those steps taken by the Foundation to ensure and protect the continuing tax-exempt status of the Foundation.
 - 4.12 Review of IRS Form 990. The Executive Director of SSU Foundation shall submit the completed IRS Form 990, along with all appropriate schedules and attachments, to the Foundation Board for review and, subsequently, to the University Board of Trustees as sole member for review prior to the filing of the form with the IRS. The Executive Director of SSU Foundation shall be available to both the Foundation Board and the University Board of Trustees at the time each Board is reviewing the 990 form to respond to any questions and/or comments regarding the 990 form and accompanying documents. The form shall be signed by the Treasurer of the Foundation.
 - 4.13 Transparency. The most current filed IRS Form 990 shall be made available on the Foundation web site as well as upon request. The Foundation governing documents, conflicts of interest policy and financial statements are open for review by the public. The Foundation will retain copies of the invoice and/or supporting documentation that provides substantiation of the acquisition cost for audit purposes. These copies will be maintained for a minimum of 5 years.
 - 4.14 Audit Review and Oversight. The Finance, Investment & Audit Committee shall assume responsibility for oversight of the yearly Foundation audit, and review or compilation of its financial statements on an annual basis.
- 5.0 Use of Gifts & Endowment.
- 5.1 The Foundation encourages donations of non-restricted funds so that money will be available when and where it is most needed. However, there are many opportunities for donors to earmark their funds for special purposes. Donors may direct that their funds be endowed with a gift of \$25,000 or more.
 - 5.2 Scholarships. Contributions in any amount will be accepted for inclusion in the Friends of Shawnee State Scholarship Endowment. The fund is designed to award

academic or artistic excellence by providing scholarships to students selected. The University encourages contributions to the Fund since it provides the staff with a means to encourage attendance and to award excellence. Contributions to the Friends of Shawnee State can be made in memory of or in honor of a friend or loved one, and an appropriate announcement will be sent as an acknowledgment.

Contributions of a specified minimum amount will be accepted as a separate named scholarship. A minimum of \$1,000 will create a one-time scholarship named for the giver or a person of his/her choice. The University will encourage a gift large enough to award a full tuition scholarship. Depending on the date of the gift, the award may not be given until the following academic year.

For a contribution of \$25,000 or more, the University will name an endowed scholarship, named for the donor or a person of his/her choice. The principal will remain in place and only annual yield may be used toward the awards. The investment policy of the Foundation has been formulated to encourage growth as well as earnings so that the scholarship can remain viable over time. The University encourages donations large enough to produce sufficient interest to award a full-tuition scholarship annually. Donors may accumulate gifts toward minimum funding of an endowed scholarship with a gift of \$5,000 or more and a signed agreement. Accumulations of the minimum (\$25,000) must be completed within five years from the date of the agreement. If \$25,000 is not reached within the required time, the agreement will be considered terminated and the funds will be placed in the Friends of Shawnee State Scholarship. Flexible endowments as described in Section 5.18.4 are also welcome to establish a scholarship.

- 5.3 Chairs. Shawnee State University will encourage the creation, through the Foundation, of endowed chairs which serve to bring prestige to the professor holding the chair, the person who named it, and to the University. A contribution of \$1,000,000 will be accepted to endow a named faculty chair and the interest will be used to cover or help defray the cost of salary and other related costs. A contribution of \$100,000 will be accepted to fund a one-year named professorship or visiting professorship. This will cover salary and other related costs such as secretarial assistance, etc. A contribution of \$350,000 will be accepted to create an endowed visiting chair. In this instance the corpus will be invested until such time that sufficient earnings have been realized to fund the position. It is expected that a visiting chair could be appointed every three years. Individual arrangements can be made in regard to lecture series, performing arts series, film series, art purchases, equipment purchases, etc. Individuals wishing to underwrite those activities are encouraged to meet with the Executive Director of SSU Foundation or heads of the departments involved in the proposed activity.
- 5.4 Buildings & Spaces. Where state funds are allocated for buildings, a minimum of 40% of the construction cost of the building is necessary for a naming opportunity. The base cost may be adjusted periodically (not less than every 5 years) to take into account inflation, replacement cost, building changes and additions, age of building, etc. The University Board of Trustees retains the authority to name a building in

honor or memory of an individual, family, or corporation regardless of a monetary donation. Unlike a permanent endowment, University facilities depreciate over time. Accordingly, the naming of a building, facility or space is specific to the named facility. The naming will normally terminate when the building, facility, or space is demolished, substantially altered, or no longer in use by the University. However, when appropriate the naming may be fixed for a term of years. Where feasible, a donor recognized through the naming of a University building, facility, or space that is being replaced will be provided first right of refusal to provide a naming gift for the replacement facility.

- 5.5 Donor advised funds. The Foundation welcomes the input of the donors who wish to remain active in the decision making involving the use of their funds. To that end, donors who establish undesignated endowments are invited to meet with the Executive Director of to help make that determination annually based on the University's needs.
- 5.6 Earnings from endowment funds will be used to the fullest possible extent for the purpose stated at the fund's creation. The investment policy included elsewhere in this document allows for future distributions of endowment funds to remain as closely aligned as possible to the original intent of the donor.
- 5.7 Academic, research, or administrative programs (e.g. Colleges, Schools, and Centers) are available as recognition to individuals, corporations, foundations, organizations, et al., as a naming opportunity. The naming of a program is expected to continue for as long as the program, or a substantially similar program, is in existence. If and when the program, project, or activity for which the funds were donated ceases to exist, the Foundation reserves the right to reallocate the funds where they are most needed.
- 5.8 The Foundation reserves the right to remove any commemorative name for any reason deemed necessary by the Foundation Board or the University Board of Trustees.
- 5.9 Maintenance of Gift Records. The Foundation keeps records of all gifts made to the Foundation. Such records are used to research particular gifts by donor and by designation and are used by the auditors in their annual review of the Foundation. All Foundation records are confidential to the extent permitted by law.
- 5.10 Salaries, benefits, office equipment, and general fundraising expenses will be shared by the University and the Foundation. Funding from the Foundation will come from unrestricted funds, short-term earnings on restricted funds, and an administrative fee as described in Section 5.17.4 from the earnings of endowments. Funds will never be allocated from the corpus of restricted funds, endowed or short-term.

Unrestricted funds will be used to support the Foundation budget, including overhead, operations, salaries, and campaign expenses. They may also be used for special projects. Earnings from non-endowed fund balances shall be posted to the

Operating Reserve Fund and used to fund the Foundation budget. The spending policy adopted annually by the Foundation will be applied to the endowed unrestricted fund account to be used as unrestricted funds, to include operations.

- 5.11 Restricted endowed gifts will have a portion of their earnings allocated to the Operating Reserve Fund to help defray operating costs. A percentage of the three-year moving average value of the restricted endowment gift, will be allocated to the unrestricted category for the above purpose. That percentage is subject to a review not less than biannually or annually, by the Board. The value of the restricted endowment gift is measured as of September 30 of each year. Until the three years of value can be determined, the allocation will be determined on the value of the restricted endowment gift as of September 30 of the current year.
- 5.12 Gift Fee Procedure. All gifts in excess of \$5,000 will automatically be assessed a 5% fee on gift principal at the time of receipt for the purpose of funding Foundation operations unless one of the following conditions are met: (1) The department or division benefiting from the gift may elect to pay the fee (rather than the fee being deducted from the gift principal) when the terms of the gift specifically disallow a fee or cost recovery; or (2) The Executive Director may waive gift fee in extraordinary circumstances.
- 5.13 Restricted Gifts. (Funds given by donor with no spending amount limitation but with restrictions on use.) Restricted gifts shall be distributed according to the intent of the donor.
- 5.14 Unrestricted Gifts. (Funds given by donor with no spending amount limitation and no restrictions on use.) Unrestricted gifts shall be distributed according to the annual budget adopted by the Foundation Board. Where unrestricted gifts exceed expenses in a current year the balance will either be carried forward into the next budget year as an unrestricted reserve or shall be distributed for specific purposes as part of the annual budget adopted by the Foundation Board. In an effort to assure availability of unrestricted, un-endowed gifts for use where necessary, the Foundation will treat this account conservatively.
- 5.15 Restricted Endowment Income. (Funds given by donor where corpus is to remain intact and use is restricted by choice of donor.) The restrictions of the donor shall be the sole basis for the distribution of the income. The distribution shall be based on the spending policy adopted by the Foundation (Policy 5.17) and shall normally be determined and distributed once a year. Calculations will be made on funds donated in one fiscal year for availability in the next fiscal year. Unspent funds from an endowment are subject to the terms of the donor's endowment agreement and the Foundation's spending policy for endowments.

Where the acceptance of a restricted endowment entails an expressed or implied financial obligation on the part of Shawnee State University beyond the funds received, the Foundation Board shall have the authority to decline the endowment.

- 5.16 Unrestricted Endowment Income. (Funds given by donor where corpus is to remain intact but use is unrestricted.) At the end of the University fiscal year, actual interest, dividend, or net appreciation (to the extent authorized by law) from unrestricted endowment will be determined by the Foundation Board.

This distribution shall be based on the spending policy adopted by the Foundation and shall normally be determined and distributed once a year, unless a University emergency exists, in which case the President may request an emergency distribution. Calculations will be made in one fiscal year for availability in the next fiscal year. Unspent funds from an endowment are subject to the terms of the donor's endowment agreement and the Endowment Spending Policy.

The recommendations for the distribution of unrestricted endowment income shall be guided by the following principles: Anticipated deficits in current budget of the Foundation operations shall be covered out of this income. Unrestricted income shall be used to provide project or special funding rather than ongoing support for continuing University programs.

- 5.17 Spending Policy for Endowments.

5.17.1 Donor Intent. Endowment agreements shall be followed to ensure that funds are retained or disbursed in accordance with donor intent. Specific donor intent described in an endowment agreement will take precedence over UPMIFA standards or the Endowment Spending Policy that follows. To limit the authority of the Foundation to expend or accumulate, an endowment agreement must specifically state limitations.

5.17.2 Ohio UPMIFA. Subject to donor intent, the Foundation Board shall determine the amount of endowment funds to accumulate and/or expend based on what it determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. The Foundation shall act in good faith, with the care that an ordinary prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors: duration and preservation of the endowment fund, purpose of the institution and the endowment fund; general economic conditions; possible effect of inflation or deflation; expected total return from income and the appreciation of investments; other resources of the institution; and the investment policy of the institution.

5.17.3 Spending Rate. Endowed accounts not underwater will be subject to a 4.0% spending rate based on the three-year average book value of each fund, computed as of September 30 each year. In the year in which the gift is received, and until such time as a three-year average book value can be established, the amount available for expenditure shall be determined at the discretion of the Foundation Board. The Foundation Board may approve exceptions to this policy at any time, particularly to adjust the spending rate accordingly in cases where short- or long-term market performance impact

portfolio value or result in an unsustainable change in available spending.

Spending from specific identified funds may be approved with a different spending rate by the Foundation Board based on market conditions, perceived needs of the University, and standards of prudence.

If the funds allocated for spending in any given year cannot be spent, then the Foundation can determine to return the monies to the fund or retain them in a spending account for the next or future year(s).

5.17.4 Underwater accounts. Endowed accounts that are underwater will be restricted to a 2.0% spending rate based on the three-year average book value of each fund, computed as of September 30 each year. The Foundation Board may approve exceptions to this policy at any time.

5.17.5 Administrative Fee. To support Foundation administrative and operating costs, (1) Endowed accounts not underwater will be subject to an administrative fee of 1.5% based on the three-year average book value of each fund, computed as of September 30 each year; and (2) Endowed accounts underwater will be subject to a 1.0% spending rate based on the three-year average book value of each fund, computed as of September 30 each year. The Foundation Board may approve exceptions to this policy at any time.

5.18 Dynamic Funds and Static Funds. Funds are described as the total amount in an account (original gifts, any added gifts and investment experience). A fund corpus is the total of all gifts to the fund.

5.18.1 Dynamic Fund. In order to insure the endowment in perpetuity and to allow for its growth, a portion of income is to be returned to each fund. It is the policy of the Foundation not to spend the reinvested gains unless it is necessary to do so to follow the intent of the donor. At no time will the corpus of the fund be invaded except as in paragraph 20.2.3 or as authorized by the donor through the written waiver of endowment restrictions. The spending amount will typically be 5% of a three-year average book value of the fund. However, this amount may be adjusted by the Foundation Board based on the perceived needs of the University, the performance of the fund and the intent of the donor. An annual fee will be charged to the endowment fund to help defray Foundation administration and operating costs. The three-year average book value will be computed as of September 30 each year. In the year in which the gift is received, and until such time as a three-year average book value can be established, the amount available for expenditure shall be determined at the discretion of the Board. The amount available to spend will be determined by the Foundation Board. If the funds allocated for spending in any given year cannot be spent, then the Foundation can determine to return the monies to the fund or retain them in a spending account for the next or future year(s).

- 5.18.2 Static Fund. This type of endowment does not allow for the growth of principal over time. The amount available annually to satisfy the purpose of the donor will be reduced the administrative fee as described in Section 5.17.4 .
- 5.18.3 Dynamic and Static Fund Shortfalls. In the event the investment experience of the endowment produces a loss of funds or if the Foundation allocates funds for some point in the future based on a financial position at a point in time and the Endowment (through its investment) does not have the funds in excess of the Corpus to meet its obligation when it comes due, the Foundation has the following options: To leave the fund intact, spending nothing; Use unrestricted funds to subsidize the Endowment; Use a portion of the Corpus with the understanding that the corpus must be replenished to its correct base amount as soon as possible. In any event, the base amount (Corpus) of the Endowment must always remain in the Endowment or be replenished as soon as possible unless otherwise specified in the Endowment Agreement or as authorized by the Board.
- 5.18.4 Flexible or Quasi-Endowment Gifts. These are funds that the Foundation Board has determined should be allowed to grow over time. Since there is no requirement by a donor that they be endowed, the entire principal and any income may, at any time, be used at the sole discretion of the Board. For individuals who are unable to fund an endowment with one lump sum, but wish to see the benefits of their gift immediately, the Foundation accepts flexible endowments. Donors must pledge the minimum required to create an endowment. Until the minimum is reached, the donor will give an annual gift equal to the spending amount that would be covered by its income were the endowment fully funded or will give an amount to add to the income to reach the spending amount.
- 5.19 Restricted Donation Reallocation – To ensure effective use of financial resources that are in alignment with mission and operational needs of the Foundation, the Executive Director will identify funds that meet the criteria of unusable funds, or funds that meet criteria to be defined as dormant. Those funds will be eligible for reallocation to a similar program or to an unrestricted fund, in compliance with IRS regulations.
- 5.19.1 Unusable Funds – In the event a donor gift agreement addresses the use of restricted funds once the restricted purpose no longer applies or the funds cannot be used as originally intended by the donor, the gift agreement controls. In the event a donor gift agreement does not address the use of restricted funds once the restricted purpose no longer applies or the funds cannot be used as originally intended by the donor, then this policy shall control. If designated funds cannot be used for the original purpose, the Foundation will make reasonable efforts to contact the donor. If the donor cannot be reached within twelve (12) months, the funds may be redirected to

a similar program or to an unrestricted fund, in compliance with IRS regulations.

5.19.2 Dormant Funds – If a restricted fund remains inactive for more than five years, the Foundation will make reasonable efforts to contact the donor. If the donor cannot be reached within twelve (12) months, the funds may be redirected to a similar program or to an unrestricted fund, in compliance with IRS regulations. If, after a period of twelve (12) months, and reasonable due diligence, a donation cannot be associated with a specific donor or purpose, the funds may be transferred to an unrestricted fund.

6.0 Investment Policies

- 6.1 The Foundation was created to provide perpetual financial support to Shawnee State University. The purpose of these investment policies is to establish guidelines for the Foundation’s investment portfolio (“Portfolio”). These policies also incorporate accountability standards that will be used for monitoring the progress of the Portfolio’s investment program and for evaluating the contributions of the investment consultant(s) and manager(s) hired on behalf of the Foundation.
- 6.2 Role of the Committee. The Foundation Board Finance, Investment, & Audit Committee (“Committee”) is a standing committee established in part to act in a fiduciary capacity and oversee the investment of all assets owned or held in trust by the Foundation, including the Portfolio.
- 6.3 The Foundation’s investment policies set forth the investment objectives and investment guidelines that govern the activities of the Committee and any other

parties to whom the Committee may delegate investment management responsibility for Portfolio assets.

- 6.4 The investment policies for the Foundation contained herein have been formulated consistent with the Foundation's anticipated financial needs and in consideration of the Foundation's tolerance for assuming investment and financial risk, as reflected in the majority opinion of the Committee.
- 6.5 These policies are intended to provide guidelines, where necessary, for ensuring that the Portfolio's investments are managed consistent with the short-term and long-term financial goals of the Foundation. At the same time, they are intended to provide for sufficient investment flexibility in the face of changes in capital market conditions.
- 6.6 Role of the Investment Manager(s). Each investment manager of separate accounts, mutual funds or commingled trusts will have full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in these investment policies unless governed by prospectus or separate trust document. Specific responsibilities of the investment manager(s) of separate accounts, mutual funds or commingled trusts include: (1) Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in the Foundation's investment policies. (2) Reporting, on a timely basis, quarterly investment performance results. (3) Voting proxies.
- 6.7 Role of the Investment Consultant. An investment consultant may be employed to act as a non-discretionary advisor to the Committee. Investment advice concerning the investment management of Foundation assets will be offered by the investment consultant, and will be consistent with the investment objectives, guidelines and constraints established in these investment policies. Specific responsibilities of the investment consultant may include: (1) Advising the Committee regarding the selection of and allocation to asset and style categories within the constraints of the Foundation's investment policies and guidelines. (2) Conducting investment manager searches when requested by the Committee. (3) Monitoring the performance of the investment manager(s) to provide the Committee with the ability to determine the progress toward the investment objectives. (4) Communicating matters of policy, manager research, and manager performance to the Committee. (5) Reviewing the Foundation's investment history, historical capital markets performance and the contents of these investment policies to any newly appointed members of the Committee.
- 6.8 Investment objective. The Foundation is to be invested with the objective of preserving the long-term, real purchasing power of assets while providing distributions in support of the Foundation's spending needs.
- 6.9 Investment Policy Statement.

- 6.9.1 Asset allocation policy. The Committee shall recommend and the Foundation Board shall approve long-term strategic asset allocation guidelines, including the Target Asset Allocation, given the Foundation's long-term objectives and short-term constraints. Portfolio assets will, under normal circumstances, be allocated across broad asset and sub-asset classes in accordance with generally accepted industry guidelines, but may be amended by the Committee from time-to-time to reflect market conditions or special circumstances, including needs of the University.

The Committee recognizes that the strategic allocation of Portfolio assets across broadly defined financial asset and sub-asset categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns and Portfolio asset value stability. The Committee expects that actual returns and return volatility may vary from expectations and return objectives across short periods of time. While the Committee wishes to retain flexibility with respect to making periodic changes to the Portfolio's asset allocation, it expects to do so only in the event of material changes to the Foundation and/or to the capital markets and asset classes in which the Portfolio invests.

Foundation assets will be managed as a balanced portfolio composed of two major components: an equity portion and a fixed income portion. The expected role of Foundation equity investments will be to maximize the long-term real growth of Portfolio assets, while the role of fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of the Portfolio's equity investments.

Cash investments will, under normal circumstances, only be considered as temporary Portfolio holdings, and will be used for Fund liquidity needs or to facilitate a planned program of dollar-cost averaging into investments in either or both of the equity and fixed income asset classes.

To the extent that the Portfolio holds investments in nontraditional, illiquid, and/or nonmarketable securities including (but not limited to) venture capital, hedge funds, and real estate investments, these assets will be treated collectively as alternative investments for purposes of measuring the Portfolio's asset allocation. While not specifically considered within these investment policies, alternative investments may comprise up to 15% of total Portfolio assets and, to the extent they are owned, will proportionately reduce target allocations to the three primary asset classes itemized above. In any event, no part of the Portfolio shall hold alternative investments without express prior consent of the Foundation Board.

It is expected that the Portfolio's actual asset allocation will vary from its target asset allocation as a result of the varying periodic returns earned on its

investments in different asset and sub-asset classes as well as periodic cash flows, either into or out of the Portfolio.

Whenever the Portfolio's actual asset allocation to the various asset and sub-asset classes falls outside of the ranges set in the target asset allocation, the investment consultant shall within a reasonable period of time, evaluate such deviations and provide the Committee with a recommendation to bring the Portfolio into compliance with the asset allocation guidelines.

- 6.9.2 Diversification policy. Diversification across and within asset classes is the primary means by which the Committee expects the Portfolio to avoid undue risk of large losses over long time periods. To protect the Portfolio against unfavorable outcomes within an asset class due to the assumption of large risks, the Committee will take reasonable precautions to avoid excessive investment concentrations. Specifically, the following guidelines will be in place:

With the exception of fixed income investments explicitly guaranteed by the U.S. government, no single investment security shall represent more than 5% of total Portfolio assets.

With the exception of passively managed investment vehicles seeking to match the returns on a broadly diversified market index, no single investment manager, investment pool or investment company (mutual fund) shall comprise more than 25% of total Portfolio assets.

With respect to investment grade fixed income investments, for individual bonds, the minimum average credit quality of these investments shall be investment grade (Standard & Poor's A- or Moody's A- or higher).

Prohibited transactions and strategies:

Unless expressly authorized by the Committee, the Portfolio and its investment managers are prohibited from:

Purchasing securities on margin or executing short sales.

Pledging or hypothecating securities, except for loans of securities that are fully collateralized.

Purchasing or selling derivative securities for speculation or leverage.

Engaging in investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected, given the objectives of their Portfolio.

6.10 Monitoring portfolio investments and performance. The Committee will monitor the Portfolio's investment performance against the Portfolio's stated investment objectives. At the discretion of the Foundation Board, the Committee will formally assess the Portfolio and the performance of its underlying investments as follows:

6.10.1 The Portfolio's composite investment performance (net of all investment management fees) will be judged against the following standards:

The Portfolio's absolute long-term annualized real return objective of CPI +5%

A composite benchmark consisting of the following unmanaged market indexes weighted according to the expected target asset allocations stipulated in the asset allocation guidelines in Section 18.6.1.5: U.S. Equity: Russell 3000 Index; Investment Grade Fixed Income: Barclays Capital U.S. Aggregate Bond Index

Exceed the median return of a peer group of investors with a similar strategic asset allocation.

Maintain volatility of returns, as measured both by beta and standard deviation, of no more than 1.20 times that of the passively managed balanced index identified above.

Maintain positive risk-adjusted returns, as measured by alpha and Sharpe ratio.

6.10.2 The performance of professional investment managers hired on behalf of the Portfolio will be judged against the following standards:

A market-based index appropriately selected or tailored to the manager's agreed-upon investment objective and the normal investment characteristics of the manager's portfolio.

The performance of other investment managers having similar investment objectives

In keeping with the Portfolio's overall long-term financial objective, the Committee will evaluate Portfolio and manager performance over a suitably long-term investment horizon, generally across full market cycles or, at a minimum, on a rolling five-year basis.

Investment reports shall be provided by the investment consultant on a (calendar) quarterly basis or as more

frequently requested by the Committee.