

	<u>MOREHOUSE SCHOOL OF MEDICINE</u> <u>POLICIES AND PROCEDURES</u> Offices of Sr. VP for Operations and Chief Financial Officer & Sr. VP for Institutional Advancement, Marketing and Communications	POLICY NUMBER	Insert Here
		EFFECTIVE	Insert Here
	<u>SUBJECT</u> Contribution Fee Assessment	PAGES	3

SECTION 1: PURPOSE

Morehouse School of Medicine has made a commitment to the comprehensive development efforts of the institution in order to meet the increasing demands to diversify revenue streams. In recent years, the need for private philanthropic support has increased substantially due to shrinking and uncertain funding from other revenue sources. This increased fundraising effort is largely executed by the advancement team, the benefits of which are evidenced by increased private support that directly enhances the student experience and academic programs and furthers the institutional mission. The purpose of this Policy is to establish a fee assessment to recover a portion of the increasing costs of private fundraising efforts at Morehouse School of Medicine for all gifts, endowed and non-endowed.

Fundraising involves not only the direct costs of soliciting contributions by the Office of Institutional Advancement and other campus representatives, but also includes processing and accounting for gifts and donations. The fee applies to all gifts and contributions.

SECTION 2: POLICY STATEMENT

Effective February 7, 2015, all gifts to Morehouse School of Medicine will be assessed a 5% contribution fee to support operating expenses of fundraising and advance the institutional mission. The fee applies to all outright gifts, non-governmental grants and pledge payments made to Morehouse School of Medicine, including endowed and non-endowed alike. As applied to endowed funds, the fee is a one-time assessment on the first year spendable allocation of fully funded endowed funds as determined by investment policy guidelines.

The institution shall periodically review application of the contribution fee to affirm that it is judicious.

The purpose of the fee is to strengthen the development program and partially defray the costs of fundraising-related expenses.

SECTION 3: SCOPE OF POLICY

The Policy applies to all gifts received, processed, administered and/or invested by Morehouse School of Medicine or its designee, including cash gifts, pledge payments and grants made subsequent to the effective date of this policy, except where previously prohibited by published documented guidelines. Fees assessed against wholly expendable funds will be deducted at the time the gift is made. Deferred gifts such as charitable gift annuities, trusts and bequests will be assessed when they are realized.

Endowed Funds are also subject to the contribution fee. This one-time assessment applies only to the first-year spending allocation of newly established funds as determined by the investment policy.

SECTION 4: EXCEPTIONS

The policy does not apply to non-cash gifts (e.g. in-kind) made to Morehouse School of Medicine that are to become inventoried useable assets of the University, unless liquidated for cash. All other exceptions must be approved by the President and Dean, Senior Vice President for Operations and Chief Financial Officer and the Senior Vice President for Institutional Advancement where there is substantial potential for developing a long-term funding relationship with the donor and the gift's designated use is compatible with the University's organizational priorities. Exceptions to the policy should be granted in only the rarest of circumstances, and will be considered a one-time exception (no precedent set for any other exception).

SECTION 5: DEFINITIONS

Endowed Fund is a fund established to receive and invest gifts intended by the donor to be used for restricted purposes or programs; an endowed fund protects the initial gift in perpetuity by responsibly investing the principal and distributing an annual payout realized from a portion of the investment income allowing the fund's real value to increase over time. Restricted Endowed funds are governed by the terms of a gift agreement and are not wholly expendable by the institution on a current basis. Except as provided herein, the term does not include assets of the institution designated as an endowment fund for its own use (e.g. quasi-endowment funds).

Gift is the charitable and irrevocable transfer of money or property that is voluntary and motivated by something other than an expectation of financial return or contractual obligation.

Gift Instrument is a record or records, including a solicitation, under which property is granted to, transferred to or held by Morehouse School of Medicine as an institutional fund.

Grant is a contribution received by a corporation, foundation or other organization rather than an individual for restricted or unrestricted use.

Pledge is the promise of a gift made legally binding by a signed agreement.

SECTION 6: PROCEDURAL DETAILS

Methods of Payment

When the gift terms specifically prohibit contribution fees the benefiting academic unit will pay the assessment from another discretionary departmental funding source, rather than the fee being deducted from the gift principal. The Office of the Controller at Morehouse School of Medicine will hold the gift in an undistributed cash account until notified in writing by the benefiting department of the account to be charged the fee.

Disclosure to Donors

The institution will in good faith notify donors and potential donors of the contribution fee and related policies. The gift contribution does not affect the gift value to the donor. Disclosure is made to donors on all gift receipts and stewardship reports. Written and/or oral disclosure is encouraged at the time of solicitation, and also should be included in proposals or gift documents issued to prospective donors.

Appropriate disclosure language for fundraising literature or letters of gift purposes is as follows:

“A portion of all donations will be used to further advancement and fundraising efforts on behalf of Morehouse School of Medicine.”

Requests to use modified language must be directed to the Senior Vice President for Institutional Advancement in consultation with the Senior Vice President for Operations & Chief Financial Officer, and the Senior Vice President, General Counsel for approval.

SECTION 7: ENFORCEMENT AND INTERPRETATION

It is the responsibility of all employees to uphold this Policy. Any violation may result in disciplinary action up to, and including, termination of employment. Questions regarding interpretation should be directed to the Senior Vice President for Operations & Chief Financial Officer and the Senior Vice President for Institutional Advancement, Marketing and Communications.

SECTION 8: EFFECTIVE DATE

This Policy is effective February 7, 2015 and replaces and supersedes any proceeding policy concerning this subject matter. It does not modify or change the investment policy as approved by the Board (e.g. spendable endowment). All policies are subject to periodic review by the Finance and Investments Committee of the Board, which shall make any necessary recommendations with respect to amendments to this Policy to the Board, not less than annually.

SECTION 9: CONTACT INFORMATION

For additional information, please contact us at 404-752-1500 or bharris@msm.edu or jcase@msm.edu.