

ATTACHMENT B

THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL FOUNDATION, INC. ("FOUNDATION") POLICIES AND PROCEDURES UPDATE

In the Spring of 2013, Chairman Hargrove requested that the Foundation's travel and expense policies and procedures be reviewed and, if needed, proposed changes be brought before the Foundation's Board of Directors.

Director Landis and Executive Director Grumbles assembled a working group to perform this review. Enclosed are relevant sections from the Foundation's Policies and Procedures Manual with all revisions redlined to original text.

On May 17, 2013, the Foundation's Board of Directors approved these revisions to the Policies and Procedures Manual subject to the approval of the University's Board of Trustees.

RECOMMENDED ACTION

A motion to approve the attached changes to The University of North Carolina at Chapel Hill Foundation, Inc. Policies and Procedure Manual.

The University of North Carolina at Chapel Hill Foundation, Inc.
Spring 2013 Policies and Procedures Update
Updated Section Excerpts

2.2 ANNUAL TRANSFERS AND CAPITAL BUDGETS

Policy Statement

Annual Transfers Budget:

Each year the Board of Directors will be presented with a list of recommended transfers, which once approved will represent the budget of the Foundation. Unless otherwise approved by the Board of Directors, the transfer will equal the amount distributed to the Foundation by the University of North Carolina at Chapel Hill Foundation Investment Fund, Inc. (CHIF). The approved amount to be transferred will be distributed ~~on a pro-rata basis~~ to appropriate recipient accounts at the beginning of the fiscal year. These transfers will not be adjusted when contributions are received or income is earned during the fiscal year. The transfers will be limited if necessary in order to comply with the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA provides guidance on the expenditure of appreciation of endowment funds. [Refer to Appendix K for information regarding the administration of underwater endowments.](#)

The transfers will consist of two categories – restricted endowment earnings and unrestricted endowment earnings. Restricted endowment earnings are a direct pass through of the approved CHIF distribution. Restricted endowment earnings transfer directly to the University for expenditure consistent with the restricted uses.

Unrestricted endowment earnings may be transferred to the University or retained in the Foundation for expenditure consistent with the designated purposes recommended by University management and approved by the Board of Directors. Allocations for University Administration are expended as authorized by the University Budget Committee. Allocations for Foundation Administration are expended as authorized by the Executive Director and Treasurer.

To supplement unrestricted endowment earnings allocated to “University Administration” and “Foundation Administration”, the Board of Directors may authorize the transfer of ~~other~~ [additional](#) unrestricted funds for these purposes.

Funds in the “University Administration” category are allocated to benefit various program areas of the University of North Carolina at Chapel Hill. If these funds remain within the Foundation, the related expenses by the program areas must

comply with the policies of the Foundation (e.g. travel, business entertainment, etc). For funds transferred to the University for “University Administration”, the related expenses by the program areas must comply with University policies. Additional guidance from the Budget Committee regarding use of the “University Administration” allocation and the treatment of unspent prior year funds can be found in Appendix J.

Funds in the “Foundation Administration” category are allocated to cover the administrative costs of the Foundation that are of a recurring nature (e.g. audit and legal fees, meeting expenses) and special program allocations that are of a one-time nature (e.g. special project of a short duration). Prior to the beginning of the fiscal year, a detailed budget of proposed allocations for this transfer category is presented by the Treasurer to the Executive Director for approval. A mid-year request for a new allocation or an amendment to a current allocation should be submitted to the Treasurer for preliminary review. The Treasurer will then forward the request to the Executive Director for final approval.

For specific recurring allocations in the “Foundation Administration” category (e.g. audit and legal fees, meeting expenses), any unspent prior year funds allocated for a specified purpose are not carried forward and thus returned to the Foundation Administration account, unless an exception is authorized by the Executive Director and Treasurer. If an exception is authorized, the funds allocated for a specific purpose will be carried forward. Any unspent funds from a one-time allocation (e.g. special project of a short duration) will automatically carry forward at year end to fulfill the intended purpose of the one-time allocation. Any unspent funds remaining after the special project has been completed will not carry forward, and thus will return to the Foundation Administration account.

Capital Budget:

For construction projects managed completely within the Foundation, a capital budget will be prepared and submitted to the Executive Director and the Treasurer for approval.

Updated:

Contact Person: Treasurer

4.5 CAPITAL ASSET ACCOUNTING

Policy Statement	
<p>The Capital Asset policy is intended to outline the guidelines for acquiring, maintaining, transferring, and disposing of capital assets.</p> <p>Physical assets are capitalized as property and equipment on the Foundation's financial statements in accordance with Generally Accepted Accounting Principles.</p> <p>Automobiles and artwork are usually retained as capital assets <i>(For considerations related to automobile purchases, please refer to section "7.6 LEASE AGREEMENTS, Automobile Leases")</i>. Property or equipment are either retained by the Foundation or transferred to the University as circumstances dictate. The value of facilities purchased from Foundation funds and transferred to the University will include the assets' purchase cost, plus costs of acquisition, handling, financing, valuation, and transfer, less applicable depreciation charged to the asset in accordance with Foundation depreciation policy. Other capital assets such as furniture, fixtures and equipment will be immediately gifted to the University. Exceptions may be made based upon individual circumstances.</p> <p>Capitalized property and equipment additions are accounted for at their historical cost and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives.</p> <p>Proper control procedures will be followed for all capital asset acquisitions, transfers, and dispositions in order to provide internal control of capital equipment and to assist in reporting. Foundation and University staff are responsible and accountable for art work, automobiles, and any other capital assets under their control. The Controller's Office will assist and evaluate any department's capital asset control procedures.</p> <p>The Controller's Office will conduct an annual inventory of capital assets and reconcile the inventory with the Foundation's general ledger.</p>	
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7. DISBURSEMENTS

7.1 GENERAL STATEMENT

Policy Statement

Foundation funds are made available by the Board of Directors to support the ~~teaching, research and public service missions of the~~ University. In order to provide for consistency and uniformity in the procurement of goods and services to carry out these missions, the following guidelines are provided:

- Subject to such restrictions as may be imposed in connection with gifts to the Foundation, all money and properties of the Foundation shall be expendable at the discretion of the Directors in accordance with the objects and purposes of the Foundation as set forth in the Articles of Incorporation.
- Uses of Foundation funds must meet the lawful restrictions imposed by the donor, if any. Upon acceptance of restricted funds, the appropriate University and Foundation staff will be notified regarding the availability of restricted funds. Departmental business managers are required to retain copies of gift or account agreements. It is the responsibility of the departmental business managers to know the restrictions and to only process expenditures consistent with these restrictions. The University and Foundation retain the right to refuse to process any disbursement which appears to violate the Donor's restrictions.
- Expenses must have a business purpose and should meet the prudent person test. All expenditures must be reasonable in amount and be commensurate with the expected benefit. The propriety of expenditures is the responsibility of the Account Manager. In addition, sensitivity to the appearance of proper use is expected. Items not permitted for purchase from University funds (e.g. alcohol, gifts, and travel expenses above state per diems) are permitted with Foundation funds assuming these guidelines are met.
- Expenses shall not exceed the approved budget from income allocated for such purposes.
- Regardless of the dollar amount of the expenditure, competitive bidding is not required for items purchased solely with Foundation funds. However when as appropriate, an open solicitation process is encouraged to ensure competitive pricing.

• In order to be processed, disbursement requests must be supported by a clear business purpose indicating that the request for payment is in compliance with the account restrictions and an original invoice or receipt, ~~or an explanation as to why no receipt is available.~~

• Proper internal control will be followed to ensure that only valid and authorized payables are recorded and paid. Accounting procedures will be implemented to ensure the accuracy of amounts, coding of general ledger accounts, and appropriate timing of payments.

Comment [LU1]: Deleted this provision to reinforce, through omission, need for original receipt/invoice.

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Updated:

Contact Person: Assistant Vice President and University Controller

7.2 BUSINESS EXPENSES

Policy Statement

Expenses directly related to or associated with the conduct of Foundation or University business are reimbursable—for example, a meal, with a prospective donor in an environment without substantial distractions at which business is discussed with an expectation of a business benefit, including, but not limited to, an anticipated gift.

Meal and entertainment expenses of University guests are also reimbursable expenses. Examples of University guests include, but are not limited to, visiting lecturers, visitors from foreign countries, representatives of research organizations, visitors from other universities, individuals interested in University programs and issues, potential donors, guests invited to assist in the development of new programs, consultants, business leaders and community leaders.

Business meals with one or more University employees, receptions with alumni and friends of the University, employee recognition events and seminars are also examples of reimbursable expenses.

~~Business entertainment is essential to carry out the work of the Foundation. The purpose of this policy is to provide guidance as to the type expenses that qualify as business expenses under Foundation policy and the documentation requirements for business expenses.~~

~~Expenses must be directly related to or associated with the conduct of Foundation or University business. For example, during a meal, business must be discussed with an expectation of a business benefit, including an anticipated gift. There should be no substantial distractions at the site of the meal.~~

~~Meal and entertainment expenses of University guests are permissible. Examples of official guests include, but are not limited to, the following: visiting lecturers, visitors from foreign countries, representatives of research organizations, visitors from other universities, individuals interested in University programs and issues, potential donors, guests invited to assist in the development of new programs, consultants, business leaders and community leaders.~~

~~Business meals with one or more University employees, receptions with alumni and friends of the University, employee recognition events and seminars are also reimbursable as business entertainment expenses.~~

Alcohol may be purchased from Foundation funds.

Club (~~e.g. Carolina Club, Country Club~~) membership fees (~~e.g. Carolina Club, Country Club~~), excluding initiation/application fees, are allowable from Foundation funds, if approved by the Executive Director. In the cases of the Executive Director, such fees must be approved by the Chancellor or Chancellor's designee. Under special circumstances, initiation/application fees may be allowable from Foundation funds if approved by the Chancellor. Such decisions will be made on a case by case basis. A memorandum outlining the business purpose of the requested membership should be submitted to the Executive Director (or the Chancellor or Chancellor's designee in the case of the Executive Director) for his/her use in reaching a decision. The use of club memberships for personal reasons and business purposes must be tracked by the member, so the related personal use of the membership fee can be included as taxable income to the ~~individual~~individual (See Appendix H.1)!. The Office of University Controller will send a notice each year requesting the information.

Tickets to University athletic events or University cultural events may be purchased only for individuals participating in official University or Foundation business and must be approved by the Executive Director of the Foundation.

The Foundation will reimburse expenses for professional subscriptions and periodicals and for professional associations and organizations subject to the approval of the Executive Director. In the case of the Executive Director, such expenses will be approved by the Chancellor or the Chancellor's designee..

Business entertainment expenses must meet the documentation standards of the University except for situations where the Foundation provides a policy exception (e.g. excess per diem limits are allowed, club membership dues). In those cases the documentation standards for the allowable exception will follow prudent business practices, including, but not limited to, original receipts and invoices. In all cases, the documentation must include a list of all participants and/or beneficiaries and the purpose of the expense. All entertainment expenses must be approved by the employee's supervisor in the sample form as presented in Appendix L as used for credit cards (please note that expenses incurred on a Foundation credit card must be documented in a separate memorandum from expenses not incurred through a Foundation credit card)- All expenses in excess of \$2,500 must be pre-approved by the employee's supervisor. In the case of the Executive Director, all expenses in excess of \$5,000 must be pre-approved by the Chancellor or the Chancellor's designee). Expenses incurred with a Foundation credit card are subject to the policy and procedure of Section 7.5 Credit Cards, and expenses incurred in connection with travel are subject to the policies and procedures of Section 7.7 Travel.

Updated:

Contact Person: Assistant Vice President and University Controller

7.3 COMMUNICATION EXPENSES

Policy Statement

Since the University has provisions for a monthly stipend for mobile communication devices for most employees affiliated with the Foundation, the Foundation will not provide mobile communication devices to individuals.

Expenses ~~for cell phones, land lines, and~~ telephone calls while in travel status are allowable while conducting official Foundation or University business. While in travel status, individuals are allowed personal calls. Such calls should be reasonable in frequency and duration (prudent person test). ~~Residential internet services deemed necessary to conduct Foundation or University business are also allowable expenses, if approved by the Executive Director.~~

All expenses are subject to the submittal of original receipts or invoices and are subject to the approval of the individual's supervisor.

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Updated:

Contact Person: Assistant Vice
President and University Controller

7.5 CREDIT CARDS

Policy Statement

The Foundation credit card is intended to provide an efficient procurement and payment process. Foundation credit cards may be issued to University employees, as authorized by the Executive Director of the Foundation. The cardholder to whom the card is issued is the only person authorized to make purchases using the card. The redemption of points earned from credit card purchases is restricted to airline tickets for business travel.

Credit card charges expensed to University accounts are subject to University policies, with charges expensed to Foundation accounts subject to the policies as described in this manual. Personal use of the credit card is not permitted.

Individual credit card transaction balances must not exceed the set dollar limit for the card. ~~Cardholders are required to submit original receipts as soon as possible.~~ Someone other than the cardholder must reconcile the expenditures against the credit card statement on a monthly basis.

~~Approval by the cardholder's supervisor or an approved designee is required. In the case of expenses by the Chancellor, approvals required by the Executive Vice Chancellor/Provost or the Vice Chancellor for Finance and Administration or their approved designees.~~

~~Expenses paid by credit card must be fully documented. A justification memorandum for expenses paid by credit card is prepared, signed by the cardholder, and sent to the cardholder's supervisor for signature. The justification memorandum lists each credit card charge and includes the merchant name, the transaction date, a description of the business purpose of the expense, the expense amount, and the cost code. Cardholders are required to submit original credit card receipts as documentation. Appendix L includes a sample justification memorandum and detailed procedures for the preparation of the memorandum.~~

~~The justification memorandum that is signed by the cardholder and supervisor and the original receipts are used to document the expenses recorded to the Foundation's accounting records.~~

Updated: 10/11/12

Contact Person: Assistant Vice President and University Controller

7.6 LEASE AGREEMENTS

Policy Statement

If property (e.g. real estate or equipment) is to be required on a continuing basis, a purchase may be more economical than a lease. Please refer to the CAPITAL ASSET ACCOUNTING section for a discussion on purchasing (including lease-purchasing) assets.

In certain circumstances it may be more desirable to enter into an operating lease agreement. The initial cost of some equipment is so great that when required, it may be more economical to lease the asset on an indefinite basis. Also, if updated versions of this type of equipment are constantly placed on the market, it may be unwise to invest large sums in equipment that may soon be obsolete. Similarly, it may be more advantageous to enter into a property lease at a more desirable location rather than purchase property at an undesirable location.

Property Leases

The Foundation may lease space for the benefit of University as approved by the Executive Committee or the Board of Directors. The Foundation enters into lease arrangements in order to alleviate University space needs, to expedite the leasing process, or to provide other benefits to the University. Generally, concurrently with the execution of the Foundation lease, the Foundation will enter into an agreement with the University to be reimbursed fully for the cost of the space from University funds. Foundation lease and related arrangements that do not concurrently provide for full reimbursement from the University shall identify the financing arrangements to the Executive Committee or Board of Directors during the approval process.

The Foundation may lease space for its own purposes as approved by the Executive Committee or the Board of Directors.

Automobile Leases (and Purchases)

The Foundation may lease (or purchase) automobiles, in the name of the Foundation, for use by certain employees of the University ~~as determined by the University Trustees and Chancellor in accordance with the University's Policy and Procedures on Non-salary and Deferred Compensation~~ <http://hr.unc.edu/policies-procedures-systems/epa-non-faculty-employee-policies/compensation-and-pay/policy-and-procedures-on-non-salary-and-deferred-compensation-of-the-university-of-north-carolina-at-chapel-hill/#1> Purpose. The type and price of automobile must be reasonable in light of its intended use. Lease (or purchase) negotiations are the responsibility of the

department of each of the designated driver(s). Agreements must be reviewed by Counsel prior to signature by the Executive Director or Treasurer of the Foundation. Assistance with the acquisition and negotiation of price is available from the UNC Office of ~~Procurement~~Purchasing Services. The Foundation will maintain leased (and purchased) automobiles in good condition and provide insurance on the vehicles and the drivers. The commercial auto insurance policy is negotiated by the UNC Risk Management Services Office.

The following conditions apply to the use of leased (and purchased) automobiles.

- Automobiles are provided to certain officers of the University (designated driver), for their own use. However, another licensed family member or authorized UNC personnel may operate the vehicle for limited durations.
- Designated drivers are required to see that routine repairs and maintenance (oil change, lubrication, tire rotation, inspection) are performed. All expenses of this nature should be budgeted and processed by the department against the departmental allocation of Foundation funds for the vehicle.
- Designated drivers are responsible for submitting an annual Statement from Employee Regarding the Use of Employer-Provided Vehicle to the Controller in order to meet IRS tax requirements (Appendix H.2).
- Designated drivers are responsible for maintaining detail records of business and personal miles driven and for providing these records for review upon request. Commuting mileage is not considered business mileage.
- The Foundation will reimburse expenses for fuel used in connection with business purposes and supported by the above-referenced records of business and personal mileage. Expenses must be supported by original receipts.

Automobile Leases - Procedure

Step 1

Determine the appropriate departmental allocation of Foundation funds for automobile expenses. The allocation should be sufficient to cover:

- Monthly lease payments
- Annual property tax and tag renewal (if not included in the monthly lease payment)
- Routine maintenance, repairs and operations (fuel, oil change, lubrication, tire rotation, emission inspection)
- Auto insurance premiums (contact Risk Management Services regarding premium costs)

Requests to establish a new allocation or adjust an existing allocation should be sent to the Treasurer of the Foundation prior to negotiating a new lease. The request should include detailed information on the type automobile preferred, the

estimated cost (see above), the term and any other pertinent information. The Treasurer will discuss the request with the Executive Director and notify the department.

Step 2

There are two ways to approach the lease negotiation. Option I - The department can contact Purchasing Services for assistance with the negotiation process, or Option II. - The department may perform the negotiation.

Option I - Performed by Purchasing Services

- Purchasing Services staff will manage the necessary negotiation with the dealership, gather and prepare all paperwork, and ensure proper review and signature of the contract.
- The department will be responsible for arranging to pick up the automobile.

Option II. - Performed by the Department

- The Foundation ~~has a corporate resolution authorizing signing of documents, does not allow the signature of a personal guarantor or the use of a corporate resolution other than its own.~~ Keep this in mind when selecting the dealership and leasing companies.
- Make it very clear to the vehicle dealership upfront that this is a negotiation of a **corporate** lease, not an **individual** lease.
- Notify University Counsel that a new vehicle lease is being negotiated, and the approximate date the contract will be presented to University Counsel for review.
- Contact the Assistant Secretary of the Foundation to obtain a copy of the Foundation resolution.
- Fax the credit application to the Office of the University Controller for completion. The application will be returned to the department for submission to the dealership.
- Contact Risk Management Services (RMS) to obtain information the dealership will require related to insurance for the automobile. RMS is responsible for processing the semiannual insurance premium payments against the departmental Foundation vehicle allocation.
- Once the lease contract negotiations are complete, the contract must be reviewed by University Counsel prior to signature by the Executive Director or the Treasurer of the Foundation.
- The department should make arrangements with the dealership to submit the signed contract and take delivery of the automobile.
- Provide a copy of the lease contract to the Office of the University Controller.

Step 3

Due to the length of time required to complete the contract and take possession of the automobile, the first payment invoice may be late. The department should take special note of the monthly payment due date on the lease contract, and initiate the first monthly payment on time. A copy of the lease contract and/or the automobile registration may be submitted to Disbursement Services as documentation of the first payment.

Once the first regular monthly lease payment has been processed, the remaining monthly payments can be scheduled to process automatically. Contact the Disbursement & Travel Services Operations Manager for help setting up the automatic payments.

Reconcile the monthly invoices against the scheduled automatic payment. Some leases include the property tax in the monthly lease payment, and some do not. If the property tax is not included in the monthly lease payment, it will be billed annually as an additional cost on a monthly lease invoice. A separate check request will need to be prepared to make the payment for the property tax in excess of the standard monthly payment amount.

The annual registration renewal will arrive in the mail from the North Carolina Department of Transportation (NCDOT) Division of Motor Vehicles (DMV) and may be processed online. The renewal of the registration will generate the property tax bill. If the property tax isn't included in the monthly lease payments, expect the property tax to be included on the monthly lease invoice approximately three months after the registration renewal. The registration renewal notice is also an excellent reminder to schedule the annual inspection.

The designated drivers are responsible for tracking personal use and business use miles. This data will be necessary to complete the annual "Statement from Employee Regarding Use of Employer-Provided Vehicle" (Appendix [H.2F](#)). [Use of an automobile for personal reasons must be reported for tax purposes, and is considered taxable income.](#) If you have any questions about the form or the documentation necessary, please contact the Office of the University Controller.

Step 4

It is very important for the department to plan ahead when securing a new lease. Keep track of the number of lease payments remaining. The leasing corporation often sends out a 90 day lease termination package as a reminder that the lease is coming to an end. Well in advance of the termination, the designated driver should seek approval from the Executive Director or Treasurer regarding the preferred method of disposition (e.g. turn-in, trade, or personal purchase). If the vehicle is being turned-in, the department is responsible for contacting the leasing corporation to arrange for the final vehicle inspection and processing any final payment obligations. Please remember the monthly lease payments are scheduled to automatically pay through the end of the lease contract.

Updated:

Contact Person: Assistant Vice

	President and University Controller
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7.7 TRAVEL

Policy Statement

Individuals often incur travel expenses while carrying out official business of the Foundation or the University. Travel, subsistence, and other allowed expenditures that are usual and reasonable in nature will be reimbursed to those traveling on official business.

In the event that expenses are incurred by individuals who are not University employees, for example, spouses, significant others or volunteers, conducting official business, but those individuals are acting in an official capacity for the Foundation or University, the expenses are allowable but must follow Foundation policies. In the case of the spouse or significant other of the Executive Director, pre-approval is required by the Chancellor or the Chancellor's designee. For the spouses or significant others of all other parties in connection with an official event, pre-approval is required by the Executive Director of the Foundation.

Individuals traveling locally or overnight (out-of town) on official business should incur only those expenses that are reasonable to ensure safety and productivity while causing minimal personal inconvenience. Travel expenses must reflect responsible consideration of cost, efficiency, and prudent use of Foundation funds.

Pre-approval of travel by the traveler's supervisor or an approved designee is required except that pre-approval is not required for travel by the Chancellor or the Executive Director.

Approvals of travel reimbursements should follow the same approval path as the pre-approval for travel. In the case of the Chancellor, travel reimbursements are to be approved by the Executive Vice Chancellor and Provost or the Vice Chancellor for Finance and Administration or their designees. In the case of the Executive Director, travel reimbursements are to be approved by the Chancellor or the Chancellor's designee.

Travel on a University Medical Air Operations plane is permitted, when less costly than commercial airline travel or in the event of a time-sensitive need (for example, to attend the funeral of a major supporter), but is subject to the Medical Air Operations Use Policy, related NC AHEC policies, and the provisions of this policy. All prospective passengers traveling on behalf of the Foundation must be approved by the AHEC Air Transportation Coordinator. In addition travel on a Medical Air Operations plane should not be used in any instance that would involve "deadhead" miles. Approval is required in the same manner as transportation by other means.

Travel expenses must meet the documentation standards of the University except for situations where the Foundation provides an exception. In these cases the documentation standards for the allowable exception will follow prudent business practices. Those exceptions are:

- Excess travel costs above the State's per diem limits are allowed.

- Business or first class airfare is allowed when an adequate justification is presented to and approved by the Executive Director for the following circumstances:

- Domestic travel by business or first class is permitted if the administrator is accompanying a major donor or dignitary who is traveling by business or first class.
- International travel by business or first class is permitted.
- Business or first class travel is permitted for documented medical considerations.
- The use of business or first class airfare by the Executive Director must be approved by the Chancellor.

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All expense reimbursement claims are processed through the University's Office of Travel Services. Foundation credit cards will serve as the only mechanism of assisting with travel advances.

For international travel, traveler's should obtain travel insurance.

Updated: 05/ /13

Contact Person: Assistant Vice President and University Controller

The University of North Carolina at Chapel Hill
Statement Regarding Employee Use of Club
Reporting Period from November 1, 2012 to October 31, 2013

INFORMATION

Tax regulations require the University to provide certain information with respect to the club memberships provided to University employees. The IRS generally requires that written records be maintained to document the use of clubs. Since you are required to maintain the detailed records, please provide answers to the questions on page 1. The information contained in this form will be used to calculate appropriate tax withholding and the amount to be included as income on your 2013 Form W-2.

You are required to track business and non-business use of a club. An example of a CLUB USE LOG is provided below:

CLUB USE LOG			
Date of Use	Personal or Business	If Business, Please list participants	If Business, Description of Use

The University of North Carolina at Chapel Hill
Statement from Employee Regarding Use of Employer-Provided Vehicle
Reporting Period from November 1, 2012 to October 31, 2013

A. General Information

Employee Name

Description of vehicle (model, make, etc.)

B. Usage Information

(1) Was the vehicle available for your personal use including commuting to and from work? _____ Yes _____ No

(2) Did you have another vehicle available for your personal use (this includes a car you own personally)? _____ Yes _____ No

(3) Did the employer pay the cost of fuel consumed by this vehicle? _____ Yes _____ No

If the response to item (3) is YES, select one of the following two methods to value fuel costs:

_____ 5.5 cents per mile for personal miles _____ Actual cost of fuel for personal miles

(4) Dates of use (if for less than full reporting period): ____/____/____ through ____/____/____

C. Mileage Reporting

Ending odometer reading for this reporting period - _____

Minus: Beginning odometer reading for this reporting period - _____

Total Miles Driven _____

Minus: Total miles driven for BUSINESS purposes - _____
(May not include commuting to and from work station)

Total NON-BUSINESS Miles _____

I hereby certify that I have written evidence to support the claimed miles driven for business purposes.

Employee Signature

PID#

Date

Please return the completed signed form to Nancy Brock, University Controller's Office, CB# 1270 before November 11, 2013.

The University of North Carolina at Chapel Hill
Statement from Employee Regarding Use of Employer-Provided Vehicle
Reporting Period from November 1, 2012 to October 31, 2013

INFORMATION

Tax regulations require the University to provide certain information with respect to the vehicle provided to University employees. The IRS generally requires that written records be maintained to document the use of business vehicles. Since you are required to maintain the detailed records, please provide answers to the questions on page 1. If you were provided more than one vehicle, please prepare one of these statements for each vehicle provided. The information contained in this form will be used to calculate appropriate tax withholding and the amount to be included as income on your 2013 Form W-2.

For Foundation-leased and Foundation-owned vehicles, fair market value is used to determine the annual lease value. Maintenance and insurance costs are included in the annual lease value. Fuel costs paid by the employer will be calculated using one of two methods based on your response to item (3) on page 1. Your daily commute to and from your work station is considered to be non-business (i.e. personal) miles per the tax regulations.

You are required to track business and non-business (i.e. personal) mileage. An example of a TRAVEL LOG is provided below:

TRAVEL LOG

EMPLOYEE NAME:

REPORTING PERIOD 11/01/12 THROUGH 10/31/13

DATE	DESTINATION	PURPOSE	ODOMETER		TOTAL MILES	
			BEGINNING	ENDING	BUSINESS	PERSONAL
_____	_____	_____	_____	_____	_____	_____
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**Administration of Underwater Endowments for
The University of North Carolina at Chapel Hill Foundation, Inc.**

Underwater endowments are those where the market value of the endowment is less than its historic dollar value. If the calculated distribution is made for an underwater endowment, the endowment principal is invaded and the future earnings potential of the endowment is compromised. Therefore, it is prudent to adopt a policy to govern underwater endowments. The endowment spending rules contained in the Uniform Prudent Management of Institutional Funds Act (UPMIFA) require that an endowment, foundation or other charitable organization act in good faith, with the care that a prudent person would ordinarily exercise under similar circumstances and consider, if relevant, the following seven factors:

1. The duration and preservation of the endowment fund
2. The purposes of the institution and the endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the institution
7. The investment policy of the institution.

The position of the University of North Carolina at Chapel Hill Foundation, Inc. is that implementing the flexibility afforded by UPMIFA to invade principal should be an **option of last resort**.

The Board of Directors, on June 26, 2009, developed and prioritized steps to be taken in evaluating spending from underwater endowments:

- Examine the activity supported by each underwater endowment to determine if it is essential to continue in the upcoming fiscal year or if it can be deferred.
- If it is determined that continuing the activity is essential, pursue the following funding options in this order:
 - Use any income from the prior year's distribution remaining in the endowment's spending account;
 - Use any unspent income that has been re-invested into the endowment;
 - Seek other institutional funds to support the activity.
- If, after considering the funding options described above and reviewing the applicable endowment agreement, it is determined that invading the principal of an endowment fund may be prudent, contact the donor and discuss the following alternatives:
 - An expendable gift equal to or in excess of the amount needed to avoid invading principal; or
 - Invading principal, subject to prudent limitations on expenditures, so that the actual distribution is reduced by 2.5% of the calculated distribution for each 1% the endowment is underwater with no use of principal if the endowment is 20% or more underwater.

Sample Justification Memorandum

To: Supervisor's name
From: Cardholder's name
Date: Today's date
Re: VISA Justification for [statement date]

1. The following charges occurred during the billing period ending **X/21/12** and are accompanied by receipts.
2. Each charge includes a description/justification. (Travel itinerary which includes the names of the donors may be attached if description space is too limiting.)
3. There are no personal charges incurred by the cardholder.
4. Justification Memo is signed below by the cardholder and the cardholder's supervisor.

Merchant	Transaction Date	Description (Location, Purpose of Charge, Donor's Name)	Amount	Cost Code
Southwest Airlines	09/12/2012	<i>(Example)</i> Airline ticket to New York City for donor visits: Mr. & Mrs. Robert Smith, John & Jane Jones, Harry Potter and Ian Fleming	240.00	AF6
Café Carolina	09/14/2012	<i>(Example)</i> Coffee with donor, Jessica Fletcher.	4.55	AF3
		Total charges for billing cycle	244.55	

Cardholder's Signature _____ Date _____

Supervisor's Signature _____ Date _____

Procedures for Completing “Sample Memorandum”

1. Please type your justification in the proper format and list expenses in the order that they appear on the VISA statement.
 - a. Type the city and state for hotel, airline, transportation and the purpose of the trip. Travel itinerary may be attached if space on justification memo is too limiting.
 - b. For meal expenses, include the name(s) of the person(s) being entertained.
 - c. For gifts and flowers, include the name of the recipient.
 - d. The receipt amount must match the charge on the VISA Statement.
 - e. Please see next page for description of cost codes.
2. The original justification must be **signed by the cardholder** and by the **cardholder’s supervisor**.
3. Remember to include all **original receipts** and to fully explain all charges. For restaurants, please retain the **itemized** receipt..
4. Please tape (do not staple) all receipts less than a half-page in size to an 8 ½ x 11 sheet of paper and **send completed and signed justification to Development Accounting**.
5. NO PERSONAL CHARGES ARE ALLOWED ON THE FOUNDATION VISA.
6. Hotel charges for internet access are allowed.
7. Room service/hotel restaurant charges must be paid for with your personal credit card unless they can be justified as donor entertainment expense. All other personal hotel charges must be charged to your personal credit card.
8. All local and long distance calls must be justified by listing the person called and the reason for the call.
9. Gasoline for RENTAL cars may be charged to the VISA.
10. Gasoline for personal cars may NOT be charged to the VISA. Mileage on your personal car must be claimed through travel reimbursement requests.
11. Please keep in mind that we have accounts at the following locations:
 - a. Carolina Inn
 - b. Wentworth and Sloan
 - c. University Florist
 - d. Shrunk Head
 - e. UNC Student StoresThese vendors should not be on your VISA statement.

APPENDIX L

Cost Code	Description
AF1	Annual Fund Directors Gen
AF2	Annual Fund Diversity
AF3	Annual Fund Student Givin
AF4	Annual Fund Young Alumni
AF5	Annual Fund Young Alumni
AF6	Annual Fund Direct Mail
AF7	Phonathon
AFREV	Annual Fund Revenue
CFR1	Corps and Fdns General
COM1	Communications
DEVOPS	Development Operation
DRRE	Donor Rel Research
DRST	Donor Rel Stewardship
GPLAN	Gift Planning
GSERV	Gift Services
IT	Information Systems Gener
ITBB	Blackbaud Project
MGDC1	MG Diverse Constituencies
MGPM	Prospect Management
MGR02	MG Region 2 Daisley
MGR03	MG Region 3 Frazier
MGR04	MG Region 4 Grabs
MGR05	MG Region 5 Hegeman
MGR06	MG Region 6 New York
MGR07	MG Region 7 Brown May
MGR08	MG Region 8 West Coast
MGR09	MG Region 9 Whisenant
MGRG	MG Regional General Expen
MGWC1	MG Womens Comm Gen
MGWC2	MG Womens Comm Events
SAVC1	SAVC Program
SAVC2	SAVC Scholarship Dev
SAVC3	SAVC Retreat
SAVC4	SAVC Fun Bunch
SAVC5	SAVC Orientation
SAVC7	SAVC Search Expense
VC1	VC Program
VC2	VC Foundation Expenses
VC4	FB-BB Tickets
XURAVC	AVC University Relations
XURCOM	Communications General
XURCR	Community Relations Gener
XUREV	Events General
XURFYI	Chancellors FYI
XURGAZ	University Gazette Genera
XURNEW	News Services General
XURPUB	Publications and Catalogs
XURSBB	Basketball Pre Game
XURSBOT	Board of Trustees
XURSBOV	Board of Visitors
XURSBUS	Faculty Bus Tour
XURSFb	Football Pre Game
XURSPK	Speakers Bureau
XURSUD	University Day
XURVIS	Visitors Center
XURWEB	Web Office
XURXDS1	Design Services Expenditu
XURXDS2	Design Services Revenue
YCAMP	CAMPAIGN
YTEMPS	Temporary Employment
ZDEV	Problems and Unknown
ZTRANS	Transfers and AJS
ZURL	Problems and Unknown

Travel Authorization Form

Traveler Name: _____

University PID: _____

Trip Description:

Dates of Travel: _____

Destination(s): _____

Method(s) of Transportation: _____

Nature of Foundation Business:

Special Approvals Requested, if any (e.g. business class airfare):

I certify this to be a true and accurate representation of travel plans in service of the Foundation.

Signature of Traveler: _____

Traveler Printed Name and Title: _____

I have examined this representation and authorize the intended travel.

Signature of Authorized Approver: _____

Authorized Approver Printed Name and Title: _____