LOYOLA UNIVERSITY NEW ORLEANS
AUDIT COMMITTEE OF THE BOARD OF TRUSTEES

Thursday, February 10, 2011
Monroe Library, Seminar Room 4
9:00 a.m.

1. Approval of November 11, 2010 minutes  
   Action Item

2. Deloitte & Touche, LLP
   Anticipated billing for 2010 - 2011 services

3. Recommendation to appoint audit firm for Fiscal Year
   ended July 31, 2011  
   Action Item

4. Presentation of IT Review by Lisa Horselski, IT Audit Manager,
   LaPorte Sehrt Romig Hand

5. Review IRS Form 990

6. Recommend to Board of Trustees to Review IRS Form 990  
   Action Item-Note(A)

7. Other Business

8. Executive Session with the Internal Auditor

Note(A) - For the Board of Trustees, the Form 990 will be posted on the Board of Trustees’ website for their review.
On Thursday, February 10, 2011, the Audit Committee of the Board of Trustees met with Administrative Staff and representatives from Deloitte & Touche to review the anticipated billing for 2010 - 2011 services. The Audit Committee voted to recommend to the Board of Trustees the appointment of Deloitte & Touche as external auditors for the 2010 - 2011 fiscal year.

The Audit Committee voted to recommend to the Board of Trustees to review IRS Form 990, to be posted on the Board of Trustee’s web site.
MINUTES OF THE AUDIT COMMITTEE
OF THE BOARD OF TRUSTEES
November 11, 2010

PRESENT:
James A. “Jim” Caillier (phone)
Suzanne Mestayer (phone)
Lawrence W. Moore, S.J.
N. John Simmons, Jr. (phone)
Robert A. “Bobby” Savoie (phone)

ABSENT:
Barry D. LeBlanc, Chair
Shawn Donnelley
John Finan, Vice Chair

INVITED:
Gita Bolt
Jay Calamia
Lynn Hoffman
Leon Mathes
Elaine Reyes, Deloitte & Touche
Kathleen Zuniga, Deloitte & Touche
Tammy Jackson, Recording Secretary

The meeting was called to order at 9:15 a.m.

ACTION ITEM # 1: Approval of the September 16, 2010 Minutes.
Fr. Moore noted a change to the Minutes of September 16, 2010, Ms. Suzanne Mestayer’s name should be deleted from absent list since she was in attendance. Mr. Jim Caillier made motion to approve minutes with change, Mr. Bobby Savoie seconded. No opposition.

ACTION ITEM #2: Approval of October 8, 2010 Minutes.
Fr. Moore noted there were no changes to the Minutes of October 8, 2010. Mr. Savoie moved to approve minutes, Ms. Mestayer seconded. No opposition.

ACTION ITEM #3: Approval of Loyola University New Orleans Financial Statements for the year ended July 31, 2010.
Ms. Kathleen Zuniga, lead audit director for Loyola’s account, directed the committee to review the draft Audited Financial Statements, as well as other handouts. The draft Audited Financial Statements, includes financial statements for the year ending July 31, 2010. These are comparative including 2009, as well as, the Schedule of Expenditures of Federal Awards and the audit that was conducted. The Independent Auditors Report (page 3) summarizes their opinion and report was performed in accordance with General Accepted Auditing Standards, as well as, Government Auditing Standards. The university is subject to Government Auditing Standards because of federal funds received and expended on various programs, most significant is Student Financial Aid. They are prepared to issue an unqualified opinion in accordance with GAAP. Ms. Zuniga directed everyone to paragraph four, which is new this year, called an emphasis of matter paragraph. During the past fiscal year, the university was required to adopt the
provisions of UPMIFA, which has created a lot of discussion. This has essentially created a shift in net assets, or the reporting of donor restricted net assets, as well as, spending and investing endowments for various not-for-profit organizations. There was an impact to the financials for Loyola, but it was required to be adopted retroactively at the beginning of the earliest comparative year presented. Ms. Zuniga reviewed 2009 Statement of Activities. The last 3 paragraphs of the Independent Auditors Report (fifth one down) refers to an additional schedule that was included this year, this was not audited, it is a supplemental schedule to put a framework for the Audit Committee and Board around current year operations related to budgeted operations vs. what FASB refers to in unrestricted operating funds. The last 2 paragraphs refers to their unqualified opinion in accordance for the A133 audit in accordance with government operating standards, as well as, internal control report they are prepared to issue. The Statement of Financial Position reflects total assets are up approximately $42M, primarily driven by increase in investments of approximately $37M related to unexpended funds on the new bond issue, as well as, investment return. Total liabilities are up approximately $30M. Bonds payable is up, $35M of new debt that was issued, and $4M in repayments. Total net assets increased approximately $12M. Total Revenue is up approximately $8M from prior year, approximately $113M compared to $105M, primary drivers are tuition and fees, which are up approximately $6M (5.9% tuition increase and 4% increase in enrollment). Other significant changes within that category, total expenses are up approximately $7.4M to $116.8M, biggest increase is institutional support, which is up approximately $6M, driven by increased insurance premiums, institutional advancement’s feasibility campaign, and additional maintenance expenses of approximately $3M. Mr. Simmons questioned the increase in institutional support and asked if there is a breakdown for campaign feasibility study. Mr. Leon Mathes answered it was just over $500K and insurance premium increased approx. $1M (entire insurance program). Non-recurring income is insurance proceeds from FEMA, settlements, etc.

Decrease/Increase in Net Asset, Loyola had a decrease of $3.8M, last year was $4.4M, but this does not include non-operating activities, which includes investment return (shows up in different areas on Statement of Activities), the part that shows up in revenue is the investment return on endowment that is designated for current year spending, which is based on prior year average market value for 6% threshold. If one adds the decrease from net assets from operating activities of $3.8M plus non-operating activities of $16M, there is a total increase of net assets of $12M. This is a healthy and good investment year.

Mr. Callier questioned the cost of Loyola’s business interruption insurance and asked if an analysis was done to see if this is cost effective. Mr. Jay Calamia answered and stated the approximate cost is $150K per year for $20M coverage, and previously Loyola had $15M of insurance prior to Katrina and it was increased to $20M last year. He noted that whatever the premium is, it is well worth the return. The university began carrying this insurance 4-5 years prior to Katrina.

Ms. Zuniga reviewed the Statement of Activities/Operations (bottom of page), Cumulative Effect, this is impact of UPMIFA. Not-for-profits were impacted
differently depending on what their previous policies were around. There was no significant impact on Loyola. Impact was on underwater endowments that were previously included.

New Accounting Pronouncements (page 8): disclosed the adoption of UPMIFA, as well as, this year there will be a shift in terminology, used to refer to FASB, Codification has been replaced by that. Investment Endowment Funds (note 3, page 9): breaks out investment portfolio in levels 1, 2 and 3. Level 1, investments that have more observable market prices; Level 2, observable inputs; and Level 3, more subjectivity involved in estimating fair value of investments. Loyola generally falls into Level 1 and Level 2.

Ms. Mestayer asked regarding private equity and hedgefund numbers. Ms. Zuniga asked committee to review private equity, Level 2 investments (page 10), and noted there is an additional disclosure related to fair value and what is actually included in hedgefunds and private equity funds, as well as disclosures for unfunded commitments. Essentially what is done for hedgefunds, gain an understanding of where management is getting their fair value from, look at different values/transactions on or around the year end date (increase/decrease in shares) to establish a market value around that. For private equity funds, look to the underlying investments in private equity funds and do some benchmarking with their pricing center internally in their firm.

Investments/Endowments Disclosure (page 11): discloses the impact of UPMIFA, as well as, enhanced disclosures around the university spending policy, their investment policy, on page 13 the activity within the different endowment net assets, breaking them out.

Allocation of Certain Expenses (page 7): these are expenses that are allocated across the different functional categories within statement of activity. There is an increase in plant operations and maintenance from $10.4 to $13.5M this year. Mr. Simmons asked if there is a breakdown of major increases. Mr. Calamia explained how these expenses are allocated across the campus, physical plant/maintenance are all allocated to departments. Mr. Simmons asked Jay to get the breakdown to the committee. Ms. Mestayer questioned what the budget is for this year in this budget category. Mr. Calamia answered he did not have spreadsheet with him, but could get her an approximation.

Mr. Callier commented on page 16 and said the university has a very healthy budget position in investments and this should be noted. Ms. Mestayer noted that this is what has enabled Loyola to get the ratings they have. Endowment is in transition right now. The appropriation of endowment assets for expenditures $10.9M (page 13), we draw down from the endowment for operating, but we also draw down for debt service. “Other Expenses,” noted on that page is the debt service.

Supplemental Schedule (page 18): It is an unaudited schedule to put a framework around to break out unrestricted fund or activity within the unrestricted fund for the current year between undesignated and designated. Undesignated is what we are really used to seeing from comparing actual operations to budget. Designated is the layer that FASB
essentially requires you to include in unrestricted, but includes other amounts that are
maintained by the university.

Schedule of Expenditures of Federal Awards (page 19-21): this is audit that was done in
accordance with government auditing standards. Total federal expenditures for July 31,
2010, was $10.8M, approximately $8.4M came from Student Financial Aid cluster. A
major program that they perform testing around is RCEEP, these are HUD funds that are
passed through the Board of Regents.

Ms. Zuniga noted that the Independent Auditors Report is a negative assurance report,
they are not issuing an opinion on internal control or compliance. But, based on their
findings, they did not note any significant deficiencies or material weaknesses in internal
controls.

A133 Report (page 27): this is a summary of their audit report and there were no prior
year audit findings.

Ms. Zuniga asked committee to review “Draft for Discussion Purposes Only” letter
which is addressed to the Audit Committee and stated they are required to make certain
communications of their audit available to the committee. This does not include an audit
for internal controls, it is essentially to render an opinion on the fairness of the financial
statement presentation of the university. They are required to communicate significant
accounting estimates, which are listed at the top of page 2. There were no uncorrected
mis-statements that were identified in the audit, and no material corrected mis-
statements. Under significant accounting policies, the university adopted UPMIFA. This
past year, they had no disagreements with management.

Engagement letter (page 4), which was presented to the Audit Committee in July 2010,
the second letter is Management Ref letter, which is management’s certification of
financial statements, the third letter is Communication of Control Related Matters
identified in our audit, there were no deficiencies, but there was one IT comment (Page 2,
section 1: Other Matters) under physical security and relates to physical security over
data processing centers at the university. It is not severe, but some observations reveal
that enhancements or improvements are necessary. This is broke out into 3 items:
Monroe Hall data center, the combination code to that area is not changed on a regular
basis due to equipment functionality; access to the Monroe data library center is logged,
but logs are not reviewed on a regular basis; university’s backup tapes, tape rotation site
is within 30 miles of the university and not far enough away to keep tapes secure in case
of a disaster. Management has included responses.

Mr. Simmons, asked regarding internal controls, challenged Ms. Zuniga with 2-3 macro
suggestions for next year that are leading edge to help in running the university. Some
areas where things are moving forward and we may need to spend some more time and
resources. Ms. Zuniga stated that the hot topic at university’s now is cost reduction, and
subsequent to Katrina, the university did implement some significant cost reductions and
restructuring.
Fr. Moore asked for a motion to approve the audit, Mr. Caillier moved, Mr. Savoie seconded. There was no opposition.

**AGENDA ITEM #4: Other Business.**
No other business.

**AGENDA ITEM #5: Executive Session with Deloitte & Touche, LLP.**
The committee went into Executive Session.

**AGENDA ITEM #6: Executive Session with the Internal Auditor.**
The committee went into Executive Session.
LOYOLA UNIVERSITY NEW ORLEANS
COMMITTEE ON INSTITUTIONAL ADVANCEMENT
FOR THE BOARD OF TRUSTEES

Special Meeting via Teleconference
Held in President’s Dining Room
February 14, 2011

MINUTES

Present: Bill Bishop – Vice President
Rhonda E. Brehm, Recording Secretary

Present – via telephone: S. Derby Gisclair, Chair
Carolyn Callahan, Vice Chair
James A. “Jim” Caillier, Ed.D.
David M. Ferris – via telephone
Anne Gauthier
Sean O’Keefe

Absent: John J. Finan, Jr.
Robert A. “Bobby” Savoie
Ashley C. Schaffer
N. John Simmons, Jr.
Kevin Wm. Wildes, S.J., President (ex officio)
Suzanne T. Mestayer, Chair (ex officio)
Georgia Gresham, Faculty Senate (ex officio)
Ralph A. Litolff, Jr., Alumni Association (ex officio)

1. Welcome

Derby Gisclair opened the meeting at 2:33 p.m. and stated that the meeting would be brief as everyone has had time to review the proposed professorship and amendments prior to the meeting - unless someone had questions or a need to discuss. Their being none, Mr. Gisclair proceeded with the requests for approval.

2. Approval of Braswell Professorship

Mr. Gisclair stated that the Charles Edward Braswell Distinguished Professorship in Music Therapy has been submitted to the Committee for approval. If approved, it will be brought before the entire Board for approval on Friday, March 18, 2011.

Mr. Gisclair asked for a motion to approve the Charles Edward Braswell Distinguished Professorship in Music Therapy. MOTION was made by David Ferris and seconded by Sean O’Keefe. Motion carried.
3. **Approval of proposed amendments to Gift and Pledge Policies and Procedures**

Mr. Gisclair stated that three proposed amendments to the Gift and Pledge Policies and Procedures (approved by Board of Trustees on October 16, 2009) have been submitted to the Committee for approval. If approved, it will be brought before the entire Board for approval on Friday, March 18, 2011.

**Proposed Amendment No. 1**
Add the following [3d] sentence: “The forgoing sentence shall not apply to gifts of tangible personal property intended by both the donor and Loyola University New Orleans to be retained for the use of the university.”

**Proposed Amendment No. 2**
Add the following sentence: “The foregoing will not apply to commemoration of planned gifts through membership in any planned giving recognition society; the Heritage Society, as an example.”

**Proposed Amendment No. 3**
Change “$25,000 consisting of cash or marketable securities” to “$10,000 consisting of cash or marketable securities.”

Mr. Gisclair asked for a motion to approve the three proposed amendments to the Gift and Pledge Policies and Procedures with one vote. **MOTION** was made by Jim Caillier and seconded by Anne Gauthier. Motion carried.

4. **Adjournment**

Mr. Gisclair thanked everyone for their participation. The meeting was adjourned at 2:38 p.m.
LOYOLA UNIVERSITY NEW ORLEANS
SPECIAL MEETING OF COMMITTEE ON INSTITUTIONAL ADVANCEMENT
FOR THE BOARD OF TRUSTEES

Monday, February 14, 2011
2:30 p.m. CST/3:30 p.m. EST
Conference Call

AGENDA

Call-in Number: 866-209-6438
Participant Code: 233791

1. Welcoming Remarks
   Derby Gisclair

ACTION ITEM
2. Approval of Braswell Professorship
   Bill Bishop

ACTION ITEM
3. Approval of proposed amendments to
   Gift and Pledge Policies and Procedures
   Bill Bishop
   a. Proposed Amendment No. 1
   b. Proposed Amendment No. 2
   c. Proposed Amendment No. 3

4. Adjournment
   Derby Gisclair
RESOLUTION
BOARD OF TRUSTEES
LOYOLA UNIVERSITY NEW ORLEANS

Charles Edward Braswell Distinguished Professorship in Music Therapy

RESOLVED: that the Loyola University New Orleans Endowed Professorship Trust Fund be, and hereby is, established as an endowed fund, the income of which shall be used to establish the Charles Edward Braswell Distinguished Professorship in Music Therapy.

EXPLANATION:

This fund is established with $60,000 on deposit with the State Street Bank and Trust Company in North Quincy, Massachusetts, dedicated to the purposes of the Charles Edward Braswell Distinguished Professorship in Music Therapy.

Loyola University New Orleans has established the Loyola University New Orleans Endowed Professorship Trust Fund as an endowed fund to receive private contributions and matching funds from the State of Louisiana, the income of which shall be used for the exclusive benefit of an endowed professorship.

The funds used to establish the trust fund consist of contributions from a private source collected after June 1, 2000.

The funds used to establish the Loyola University New Orleans Endowed Professorship Trust Fund were dedicated to the purposes of the Charles Edward Braswell Distinguished Professorship in Music Therapy.

I hereby certify that the above and foregoing is a true and correct resolution adopted at the meeting of the Board of Trustees at Loyola University New Orleans held on the 18th day of March 2011.

__________________________________
Suzanne T. Mestayer
Chair, Board of Trustees
LOYOLA UNIVERSITY NEW ORLEANS

WITNESSES:

__________________________________
__________________________________

SWORN TO AND SUBSCRIBED
before me, Notary on this _____ day of
____________________ 2011.

___________________________________
Notary Public in and for Orleans Parish, LA
Proposed Amendment No. 1

Current Policy:

**Part II, Section D, 2d Sentence:** “Unless otherwise authorized by the Board of Trustees, the university will seek to liquidate such assets [tangible personal property] in order to secure the cash needed to fund its programmatic and/or facility priorities and/or to invest in such assets in ways consistent with the currently authorized investment strategies of the university.”

Proposed Amendment:

Add the following [3d] sentence: “The forgoing sentence shall not apply to gifts of tangible personal property intended by both the donor and Loyola University New Orleans to be retained for the use of the university.”

Rationale:

The 2d sentence as written can be interpreted to require Loyola to liquidate donated technology, books, works of art and other items regardless of whether Loyola would wish to use the item(s) to further the mission of the university. The proposed amendment would consequently relieve the administration from the necessity of requesting from the Board authorization to retain outright gifts of tangible personal property when both the donor and Loyola desire the gift be retained by the University. An obvious example is the gift of computer equipment which can earn a donor substantial tax savings if the gift is retained and used by the university.

Revised Policy:

**Part II, Section D:** “Unless otherwise authorized by the Board of Trustees, the university will seek to liquidate such assets [tangible personal property] in order to secure the cash needed to fund its programmatic and/or facility priorities and/or to invest in such assets in ways consistent with the currently authorized investment strategies of the university. The forgoing sentence shall not apply to gifts of tangible personal property intended by both the donor and Loyola University New Orleans to be retained for the use of the university.”
## Gift and Pledge Policies and Procedures

Approved by Board of Trustees October 16, 2009

Proposed Amendments to be approved at March 2011 Board Retreat

### Proposed Amendment No. 2

**Current Policy:**

| Part II, Section F, (1): “Such revocable gift commitments will be permanently commemorated, subject to the donor’s specific request and intent, only when the funds are irrevocably committed to the university or when the gift matures.” |

**Proposed amendment:**

Add the following sentence: “The foregoing will not apply to commemoration of planned gifts through membership in any planned giving recognition society; the Heritage Society, as an example.”

**Rationale:**

The Heritage Society is one of Loyola University’s premier stewardship organizations, established for the sole purpose of commemorating planned gifts, honoring their donors and serving as an example to potential donors. With the exception of gift annuities, most planned gifts are revocable, and the provision as written would have an adverse impact on this stewardship society which has been active since 1986.

**Revised Policy:**

| Part II, Section F, (1): “Such revocable gift commitments will be permanently commemorated, subject to the donor’s specific request and intent, only when the funds are irrevocably committed to the university or when the gift matures. The foregoing will not apply to commemoration of planned gifts through membership in any planned giving recognition society; the Heritage Society, as an example.” |
GIFT AND PLEDGE POLICIES AND PROCEDURES  
Approved by Board of Trustees October 16, 2009  

Proposed Amendments to be approved at March 2011 Board Retreat  

**Proposed Amendment No. 3**  

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<td><strong>Part III, Section A, (1):</strong> “Proposed charitable gift annuities should be funded initially with assets of at least $25,000 consisting of cash or marketable securities.”</td>
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| Proposed amendment:                                                                                                                                                                                                 |                                                                                                           |
| Change “$25,000 consisting of cash or marketable securities” to “$10,000 consisting of cash or marketable securities.”                                                                                           |                                                                                                           |

| Rationale:                                                                                                                                                                                                 |                                                                                                           |
| The prior Gifts and Pledge Policies and Procedures contained the $10,000 amount, but was changed to $25,000 on the assumption that all charitable gift annuity (CGA) remainders are restricted to endowments, the minimum of which has been established by the university to be $25,000. This is an invalid assumption. In fact, endowments can be readily excluded as a restriction in cases of CGAs less than $25,000. Previous VP of Institutional Advancement agreed to retain the $10,000 minimum requirement but her decision was not captured in the current version of Loyola’s Gift and Pledge Policies and Procedures. |                                                                                                           |

| Revised Policy:                                                                                                                                                                                                 |                                                                                                           |
| **Part III, Section A, (1):** “Proposed charitable gift annuities should be funded initially with assets of at least $10,000 consisting of cash or marketable securities.”                                   |                                                                                                           |
Gift and Pledge Policies and Procedures

Approved by Board of Trustees October 16, 2009

Introduction

The following policies and procedures are set forth: (a) to define the working rules for fundraising at Loyola University New Orleans; (b) to protect the university, its Board of Trustees, staff, and volunteers; and (c) to inform the university’s advisers, donors, and prospective donors.

It is the general policy of Loyola University and its Board of Trustees: (1) to offer diverse opportunities for gift support of the university; (2) to communicate such opportunities to constituents on a regular basis; and (3) to provide the resources for a full and effective development program for the benefit of both donors and the university.

The Office of Institutional Advancement is the clearinghouse for all fundraising activities of the university. It shall be the responsibility of the Office of Institutional Advancement and its staff, under the direction of the president of the university:

A. To maintain and increase financial support for the university;

B. To develop and propose to the Board of Trustees plans for a comprehensive development program, including annual, capital, and planned gift efforts;

C. To advise the Board of Trustees, senior staff, and other volunteers on matters relating to the cultivation, solicitation, and acceptance of gifts and grants in support of the university;

D. To inform, serve, guide, and assist the university’s constituents in fulfilling their family, financial, and philanthropic objectives;

E. To coordinate all fundraising efforts as may involve the several constituencies (Trustees, staff, friends, alumni, corporations, foundations, etc.) of the university by matching donor interests with specific funding opportunities so that prospects and donors are not solicited by multiple individuals on behalf of the university;

F. To undertake research on prospects and donors so as to identify donor interests and to maintain confidentiality with regard to research findings and donor records; and

G. To report regularly to the Board of Trustees regarding gifts, grants, pledges, and planned gift commitments received by Loyola University.
I. General Policies and Guidelines

A. Loyola University welcomes expressions of interest and financial support, regardless of size or form, from any individual, family, business, corporation, foundation, or similar source. The development office staff and volunteers are available to meet with any prospective donor(s) and their financial advisers, without obligation, to discuss areas of interest, the plans of the university, types of gift commitments, options for payment, estate planning, and the tax planning consequences of a possible gift commitment so as to provide every possible assistance to a prospective donor.

B. Gifts to the university should be made in the name of Loyola University New Orleans. All gifts to the university should be directed in their entirety (including envelope, check, and written correspondence) to the Office of Institutional Advancement, where they will be accepted, acknowledged, and administered in accordance with the policies of the administration and the Board of Trustees.

C. No solicitation of donations or gifts of funds or real property for the benefit of the university shall be made by anyone without the approval of the president of the university, vice president for institutional advancement, or his/her designated representative.

D. Commitments to Loyola University and/or payment of same may take the form of one, or a combination, of the following:

- Cash;
- Multi-year pledges;
- Appreciated securities or other personal assets;
- Deferred or planned gifts including:
  - Trusts,
  - Annuities,
  - Insurance policies,
  - Gifts of residence with or without a retained life interest,
  - Bargain sales
  and/or
  - Bequest intentions

E. The president of the university, vice president for institutional advancement, or vice president for finance shall have authority to sign planned giving agreements on behalf of the university. Any agreement that does not follow the format of the specimen agreements or otherwise meet the requirements of the current guidelines shall require the approval of the Institutional Advancement Committee of the Board of Trustees.
F. The Board of Trustees and/or appropriate university officers as authorized by the president of the university reserves the right to accept (or, in cases where absolutely necessary, to decline) any commitment that is offered to them. They also reserve the right to determine how any commitment will be credited and/or how such commitments will be recognized.

Requests by donors for anonymity will be honored.

G. Although representatives of Loyola University will provide all appropriate assistance, the ultimate responsibility regarding asset evaluations, tax deductibility, and/or similar federal, state, and/or local legal compliance issues rests with the donor(s) and/or with such financial advisers as the donor(s) shall secure.

All donors need competent financial advisers, and representatives of the university will always recommend potential donors obtain such assistance.

H. The university will not knowingly seek, nor accept, any commitment regardless of size, designation, or other condition, which it believes is not in the potential donor’s best interest.

II. Policies Pertaining to Certain Types of Commitments

Gifts shall be valued on the date the donor(s) relinquished control of the assets in favor of the University. In cases where gifts are made with assets other than cash, the following guidelines will be observed:

A. Gifts of publicly traded securities will be receipted at the average of the high- and low-market value on the date the donor relinquished control of the assets in favor of the university or other valuation techniques approved by the IRS; such securities will be conveyed to the university’s business office for sale, consistent with the established policies of the university.

B. Gifts of closely held stock will be receipted at the per-share cash purchase price of the most recent transaction. Normally, this will be the buyback transaction of the donor. If no buyback is consummated during the campaign period, a gift of closely held stock may be credited to campaign totals at the value determined by a qualified independent appraiser. All such gifts of closely held stock will be held until liquidated, at which time the funds will be used consistent with the gift intentions of the donor and the established policies of the university.

C. Outright gifts of real estate, bargain sales, and/or partnerships will be credited, recognized, and/or commemorated at fair market value at the time it is transferred to Loyola University, less any encumbrances. The fair market value of the property shall be determined by an independent, qualified appraiser paid for by
the donor. Appropriate environmental hazard appraisals are also required and are to be paid for by the donor.

Gifts of real estate must be accepted by Loyola University in accordance with statutory requirements governing the university’s acquisition of real property.

Outright gifts of hard-to-value assets such as mineral rights or limited partnerships will be credited at $1, and additional credit will be given as the proceeds are received.

D. Outright gifts of tangible personal property for which donors qualify for a charitable gift deduction under current IRS rules will be credited, recognized, and/or commemorated at the appraised value of the property at the time it is transferred to Loyola University, less any encumbrances. Unless otherwise authorized by the Board of Trustees, the university will seek to liquidate such assets in order to secure the cash needed to fund its programmatic and/or facility priorities and/or to invest such assets in ways consistent with the currently authorized investment strategies of the university.

The following are general guidelines or considerations in connection with gifts of tangible personal property:

1. Generally, the university’s acceptance of such gifts cannot involve significant additional expense for their present or future use, insurance, maintenance, or administration.

2. Generally, no burdensome financial or other obligations can be incurred, directly or indirectly, by Loyola University as a result of its acceptance of such gifts.

3. Gifts of real and personal property (land, houses, jewelry, paintings, antiques, rare books, etc.) exceeding $5,000 in value shall be reported at the fair market value placed on them provided that the university receives a copy of the appraisal conducted by an independent, expert appraiser, paid for by the donor, at the time the donor relinquished control. Gifts of $5,000 and under may be reported at the value declared by the donor or a qualified on-campus expert (e.g., librarian, art professor, etc.).

4. The university will not accept gifts of tangible personal property (such as books, paintings, etc.) if such gifts are to be made on the condition, understanding, or expectation that the gifted items will be loaned to the donor or to persons designated by the donor for life or for an extended period of time as determined by the donor.
(5) Any gifts-in-kind which could be liquidated will be credited on an item-for-item basis.

E. Fully paid up, or otherwise vested, insurance policies for which Loyola University is owner and sole beneficiary will be credited and recorded as "future" expectancies of the university at the unrealized death benefit (face value) of the policy in cases when the insured is age 65 or greater, and at the replacement value for donors younger than 65.

F. Bequest intentions, commitments of unpaid insurance policies, and other revocable deferred gifts will be recorded as "future" expectancies of the university at the value established in writing by the donor through a bequest intention form, a deferred pledge agreement, a contract to make a will, a letter, or a copy of appropriate sections of the will or of the insurance or trust document, etc.

(1) Such revocable gift commitments will be permanently commemorated, subject to the donor’s specific request and intent, only when the funds are irrevocably committed to the university or when the gift matures.

(2) Bequest intentions for which the donor does not indicate a specific gift value and/or does not provide an estimate of a residuary bequest will be credited as future expectancies at a minimum value level of $1,000.

G. Bequests will be credited to any university campaign attainment figures as received, if not reported in a previous campaign. Such bequests will be credited, recognized, and/or commemorated at the value established at the time of probate and/or at the fair market value on the date of the transfer of the asset(s). If any portion of the total amount was previously entered in prior campaign "future" expectancies as a testamentary pledge, this amount shall be subtracted from what is credited to the "future" reports of the new campaign. New bequest expectancies will be credited to the campaign attainment figures at the level designated by the donor if the donor is or will be age 60 or greater by the end date of the campaign. Bequest expectancies from donors younger than 60 years will be credited at the actuarial value.

H. All gifts that will, or may, require expenditure of funds either at the time of the gift or at some future date (e.g., non-performing assets gifted to fund a charitable trust or charitable gift annuity, bargain sales, or outright gifts such as real estate that may impose present obligations on the university) shall require the approval of the Endowment or Institutional Advancement Committees of the Board of Trustees.

I. Gift annuity, irrevocable charitable remainder trusts, and similar life income agreement commitments (whether administered by the university or by others on
behalf of the university) will be credited, recognized, and/or commemorated as follows:

(1) At the fair market value of the asset (on the date of transfer, less any encumbrance) being used to "fund" the life income agreement in the case of charitable remainder unitrusts, annuity trusts, and charitable gift annuities for life beneficiary or beneficiaries age 60 and greater at the time of their first life income payment.

(2) In the case of charitable lead trusts, at the total anticipated payout over the pledge payment period plus (for commitments made during any campaign period) the present value of any remaining income interest.

For purposes of current income tax deductions, such gifts will be receipted at the charitable deduction value as established by law.

Generally speaking, the university does not encourage donors to place encumbered assets into a trust.

When a trust is to be funded with hard-to-value or non-income-producing property, a net income unitrust will generally be used. Such a trust obligates the trustee to pay only the lower of a specified percent of fair market value or actual income. When such a net income unitrust is used, a separate letter of agreement should be signed by the president of the university and the donor, indicating that the donor understands the income concept of the net income trust. A "catch-up" provision as allowed by a unitrust may also be acceptable.

III. Administrative Procedures Relating to Certain Planned Gifts

A. For Life Income Agreements

(1) Proposed charitable gift annuities should be funded initially with assets of at least $25,000 consent of cash or marketable securities.

(2) The interest rate used in preparing life income agreements will be as follows:

   a. For charitable gift annuities, no higher than the rate recommended by the American Council on Gift Annuities.

   b. For unitrusts and annuity trusts, a rate of at least five percent. Higher rates may be approved by the Endowment Committee of the Board, based on:
(1) The ages of the donor and any beneficiaries; and (2) income needs vs. tax relief. However, the director of planned giving will be given authority to negotiate rates on charitable gift annuities, charitable remainder unitrust, and charitable remainder annuity trusts, provided that such rates be within one percentage point of the maximum rates recommended by the American Council on Gift Annuities effective at the time of the gift or the establishment of the trust. Charitable remainder trust will be marketed with a rate slightly lower than charitable gift annuities because of the higher administrative costs. In the event that the rate does not fall within the limitations above, the director of planned giving will obtain the approval of the vice president for institutional advancement. Any such deviation from this policy will be reported to the Endowment Committee at its next regularly scheduled meeting.

(2) Funds received for annuities and trust agreements are administered by the director of planned giving. Separate accounting is provided to the donor on each life income agreement. Annuity or trust payments shall be made at the donor’s choice: monthly, quarterly, semi-annually, or annually. In order to control the cost of trust and annuity administration, Loyola University prefers to make payments quarterly or semi-annually.

B. For Charitable Remainder Trusts

(1) Proposed charitable remainder trusts should be funded initially with assets of at least $50,000. Trusts may be established for lesser amounts if it can be determined that the charitable remainder portion of the gift is sufficient to handle the administrative costs and provide a substantial future gift to the university.

(2) Trusts should be limited to one or two income beneficiaries and to beneficiaries over 40 years of age (unless some generous outright gift is combined with the trust, in which case trusts can include younger beneficiaries).

C. For Retained Life Estates

The gift of a primary residence, a vacation home, or a farm with retained life interest on the part of the donor shall be arranged without a trust agreement. The donor deeds the property to Loyola University immediately. Calculation of the remainder interest, which is allowed for federal income tax deduction, is based on an IRS formula.

D. For Life Insurance
Gifts of life insurance may be accepted by the university after ownership is transferred to the university, the university is named beneficiary, and cost and/or replacement value has been established by the insurance company.

IV. Policies Pertaining to Named Endowment Funds

A. For the purposes of this policy statement, "endowment fund" shall refer to any fund, or any part thereof, not wholly expendable by the university on a current basis under the terms of the applicable gift instrument.

Endowment funds are invested according to policies established by the Board of Trustees.

B. Endowment gifts may be used to establish a special endowment fund or may be added to an existing endowment fund.

C. Persons interested in establishing a named endowment fund are encouraged to consult with the vice president for institutional advancement prior to making the gift so that the donor’s intentions are appropriately established in writing through a gift agreement. Negotiation of any named endowment agreement on behalf of the university shall be done over the signature, and with the full knowledge, of the president of the university.

In designating an endowment gift for a specific purpose, the donor is encouraged: (a) to describe that purpose as broadly as possible; (b) to avoid detailed limitations and restrictions; and (c) to provide a clause granting the university maximum flexibility to make use of designated funds in a manner most consistent with the intent of the donor and with the interests of the university should programmatic or other developments make it impossible to apply the endowment proceeds to the purpose for which it was designated originally.

D. Gifts to established named endowment funds for specific purposes must meet the minimum dollar requirements set by the Board of Trustees. The principal amount of the original gift need not meet the minimum dollar requirement if the donor agrees to fully fund the endowment at the minimum dollar requirement within a specified and reasonable period of time. Minimum dollar requirements may be changed from time to time at the sole discretion of the Board.

The minimum dollar requirements established by the Board of Trustees for a named endowment fund shall not apply to any named endowment fund(s) already established at the time these policies are adopted.

Loyola University reserves the right to review the minimum amounts required for named endowments periodically and to amend the minimum amount required so as to ensure that endowment proceeds are sufficient to fund the intended
purpose(s) of the endowment. If and when the university acts to increase the minimum amount required establishing a particular named endowment fund, such action shall not be retroactive to funds already established and named.

E. Endowed funds that have not reached the minimum level after a period of five years will be released from the endowment fund and the funds raised will immediately be available for the purposes of current use, to the designation originally agreed upon in the gift agreement.

Endowed funds will be held in a holding account until they reach the minimum level.

V. Policies Specific to Campaigns

A. Gift and pledge commitments made during a campaign will be counted toward campaign totals if such commitments have not been counted toward a previous campaign goal.

B. Pledges of outright gifts should be written and should commit to a specific dollar amount that will be paid according to a fixed time schedule. The normal pledge period for outright gifts is three years; pledges of $5,000 or more may be made over six years.

C. A minimum of $25,000 is required for a fund to be endowed. Some endowed purposes will require a larger minimum (i.e. professorships, and chairs).

(1) The minimum endowment level for a professorship is $100,000. Some professorships are eligible to be matched by a grant from the Louisiana Education Quality Support Fund Endowed Professorship Program sponsored by the Endowed Professorship Program of the Louisiana Board of Regents. Once $60,000 in non-state monies has been raised, $40,000 may be matched by Support Fund dollars or supplemental state dollars.

(2) The minimum endowment level for a chair is $2,000,000. Some chairs are eligible to be matched by a grant from the Louisiana Education Quality Support Fund Endowed Professorship Program sponsored by the Endowed Professorship Program of the Louisiana Board of Regents. Once $1,200,000 in non-state monies has been raised, $800,000 may be matched by the Support Fund dollars or supplemental state dollars.

D. During the multi-year campaign period, prospective donors may be asked to make an annual gift commitment and a capital gift commitment to the university, payments on which will be allocated to the annual and/or capital needs of the university according to policies established by the Board of Trustees. In some
cases, the prospective donor(s) may also be asked to consider a deferred or planned gift to the university.

E. All gift and pledge commitments, regardless of size and designation, are welcomed, and Loyola University will provide all possible staff and volunteer assistance to potential donors to discuss the university’s funding priorities, the donor’s interests, etc. However, gifts of immediate cash or negotiable securities are the forms of donor commitment that have the greatest impact on the university and its plans for the immediate future.

The rationale and urgency surrounding facility and endowment priorities reflected in the campaign commend timely funding to assure a strong future for Loyola University. Cash, negotiable securities, and commitments of similar assets are those that can most immediately be applied to the current funding priorities of the university.

F. Campaign reports shall always present: (1) the total of outright gifts and pledges received and payable within the campaign period and post-campaign accounting period as specified above; (2) the total of deferred (future) commitments which will be received at an undetermined time in the future; and (3) the grand total of all commitments, outright and deferred, being credited to the campaign.

G. No verbal pledge commitments will be included in reported campaign totals. Either a signed pledge card or letter of intent must be filed with the development office before a pledge commitment is reflected on campaign reports.

H. Many contributions to the campaign will be "unrestricted" in nature. However, any donor has the option to "restrict" some, or all, of his/her gift commitment to any particular campaign component.

I. Commitments of term insurance naming the university as beneficiary will not be counted in campaign attainment figures.

J. Irrevocable gift commitments which mature during the course of the campaign will be credited immediately to outright campaign attainment figures.

K. Bequest intentions for which the donor does indicate a specific, or estimated, value and for which the donor provides written confirmation will be recorded at full value, consistent with limitations of age as described in Section II. G.

L. Campaign commitments are invested according to policies established by the Board of Trustees.