

Policy 3-054: Donated Securities

Revision 1. Effective date: January 12, 1996

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I. Purpose and Scope

A. Purpose.

To establish a policy on donated securities and outline responsibilities for their administration.

B. Scope.

II. Definitions

[reserved]

III. Policy

A. Faculty/Staff Member and Department Responsibilities

1. The Development Office shall be advised at once of any gift received or of a promise or offer of a person intending to make a gift. Notification shall be made immediately by telephone, followed by substantiating correspondence.
2. When a gift is made by actual delivery of the securities, they should be accepted regardless of the name in which registered. If registered in other than the university's name, the securities must be endorsed by the owner (with proper signature guarantee if possible) or accompanied by a properly executed stock power (available from any broker or the Development Office). If the donor is a corporation, a corporate resolution of its Board of Directors should also be obtained authorizing the transfer of the stock to the university (available from any broker or the Development Office).
3. Written documentation should be obtained from the donor stating conditions or restrictions, if any, placed upon the gift, i.e. as to use, investment, designation for a particular college, department, program or fund, or otherwise. If the university is required to hold the donated security, the documentation should state the parameters under which the security is to be held, i.e. as to length of time, growth or loss in value, etc. If the gift is unrestricted, the documentation should so state. The donor's purpose in making the gift should also be provided.
4. All the documents (securities, stock powers, corporate resolutions, and written documentation of purpose and restrictions) shall be sent to the Development Office immediately upon receipt.
5. If a department or faculty/staff member(s) is receiving all or part of the benefits of a gift, it is advisable for accounting and investing purposes that the securities be registered only in the name of the university. Sale of securities

may be delayed if they are registered in the name of a university department. Such delay could result in a financial loss, depending on market conditions at the date of the sale. Securities to be registered in the university's name should be registered as follows:

University of Utah
408 Park Building
Salt Lake City, Utah 84112

B. Development Office Responsibilities

1. The Development Office shall deliver to the Investment Managers Office all securities the same day received along with any investment restrictions or requests made by the donors. A receipt for a donated security bearing an amount for tax purposes will be sent to the donor as soon as the market value is determined, as described in paragraph B.2. below. The confirmation of the amount available to an endowment or for expenditures for the purposes of the gift will be based on the market value as described in paragraph C.2. below.
2. The Development Office shall determine market value of donated securities using well recognized and respected sources of information, such as the Wall Street Journal, or independent appraisal if no other source is available. The market value will be the average of the high and low prices for which a security traded on the day the security was given to the university, or the appraisal amount if an independent appraisal is obtained. For purposes of this policy, the date of gift is determined in accordance with Internal Revenue Services guidelines.
3. The Development Office shall communicate the market value and beneficiary account(s) of the gift to the Investment Managers Office for accounting purposes.

C. Investment Managers Office Responsibilities

1. The investment manager shall be responsible for investment and disposition of all securities pursuant to restrictions, if any, placed upon the gift.
2. Accounting for gains and losses due to market fluctuations, accounting for investment income, and determination of the amount available for the purposes of the gift shall be as follows:
 - a. If investment restrictions or requests are made by the donor (i.e. to hold the securities, sell the securities immediately, or any other request), the gain or loss up to the date of sale (an action in the future if the securities are to be held) will be individually reflected as an increase or decrease to the gift. Investment income accruing to the university when the securities are sold immediately will be reflected as an increase to the gift. If the securities are to be held, investment income during the holding period will be credited to individual beneficiary expendable accounts for expenditure.
 - b. If no investment restriction or request is received from the donor, and, therefore, the disposition of the securities is at the discretion of the university, it is the responsibility of the investment manager to sell the securities promptly after receipt, and the sale price will determine the amount available for the purpose of the gift. Investment income accruing to the university when the securities are sold will be reflected as an increase to the gift.
 - c. Since securities may fluctuate significantly in value in a few days' time, it is imperative that all faculty/staff members and departments immediately forward securities to the Development Office. The university cannot sell securities which are not in its physical possession, registered in the university's name, or properly endorsed by the donor. The amount of the gift is in many cases affected by the promptness of processing the documents.

D. Investment Policies and Performance Reports

1. Investments arising from gifts are pooled for more effective management since it is impractical to manage hundreds of separate accounts. Investment policies are established by the Business Affairs/ Capital Facilities Committee of the Board of Trustees and revised when necessary in view of changing market conditions and advice of investment counsel.
2. Questions concerning security information, date of gift, valuation amount, individual vs. pooled accounting for market appreciation and depreciation, distribution of income, etc., should be directed to the Investment Managers Office or the Development Office.
3. Quarterly performance reports measuring university investment performance against national financial indices are available for review by any interested donor, faculty/staff member, department, or administrative office.

Sections IV- VII are for user information and are not subject to the approval of the Academic Senate or the Board of Trustees. The Institutional Policy Committee, the Policy Owner, or the Policy Officer may update these sections at any time.

IV. Policies/ Rules, Procedures, Guidelines, Forms and other Related Resources

- A. Policies/ Rules. [*reserved*]
- B. Procedures, Guidelines, and Forms. [*reserved*]
- C. Other Related Resources. [*reserved*]

V. References

- A. [*reserved*]

VI. Contacts

The designated contact officials for this Regulation are

- A. Policy Owner(s) (primary contact person for questions and advice):
- B. Policy Officer(s):

See Rule 1-001 for information about the roles and authority of policy owners and policy officers.

VII. History

Revision History.

A. Current version. Revision 1

1. Approved by -- Board of Trustees January 12, 1996, with effective date of January 12, 1996.
2. Editorial Revisions
 - a. Editorially revised December 2, 2022 to move to current regulations template.

B. Renumbering

1. Renumbered from Policy and Procedures Manual 3-3.