Guidelines for Operation of the
Capstone Foundation

The Capstone Foundation (Foundation) exists for the benefit of the University of Alabama in carrying out its mission of teaching, research and service. The relationship between the Foundation and the University is a close and mutually beneficial one that has existed for a long time. These guidelines are being written with that relationship in mind and with no intent to interrupt or to do harm to that relationship.

They are being promulgated by the University to facilitate the operations of the Foundation in its relations with the University and with its constituent groups. It is anticipated that changes will have to be made from time to time as events occur that will necessitate changes.

1. The foundation in its solicitation of funds will coordinate its efforts under the direction of the Vice President for University Advancement. The purpose of this coordinated effort is to avoid overlapping and repetitive solicitations of the same individuals or firms by different offices or divisions within the University.

2. All funds to be received by the Foundation will be private, non-State funds, except funds received for the eminent scholars program. These funds along with the gift monies received for this program will then be transferred to the University as a permanent fund.

3. All funds received will be deposited within the appropriate university office and will be credited to a specific account within the Foundation. It is expected that funds which are solicited will not be specifically restricted as to purpose. Examples of this would be funds restricted for purchase of equipment or for scholarships. Such funds are more properly managed by the University and should not be accepted by the Foundation. If such restricted funds are to be solicited, approval by the Board of Directors must be obtained.

4. All questions related to policy shall be resolved by the Board of Directors of the Foundation.

5. Before seeking approval for the establishment of a fund within the Foundation, the requesting organization should be certain that its purposes are consistent with the purposes of the Foundation.

6. In order to establish an account within the Foundation the organization shall have commitments in excess of $5,000 and demonstrated potential for fund raising in excess of $10,000. Further, each group must maintain a fund balance of $3,000 per year. For new accounts being established a two-year grace period will be permitted in order to attain the $3,000 level. Previously established funds which fail to meet or maintain the minimum balances will be closed out and the balances transferred to the proper originating
department for appropriate disposition. Accounts which do not maintain a minimum balance of $5,000 will not be credited with investment income.

7. Each organization seeking approval for a fund in the Foundation will first receive approval from the Dean or Director of the division, followed by approval from the appropriate Vice President.

8. After approvals as outlined in 7 above have been obtained, each request will be forwarded to the Vice President for University Advancement who will present such requests, with his/her comments, to the Board of Directors of the Foundation. Final approval authority rests with the Board of Directors of the Foundation.

9. Funds coming to the Foundation for the purpose of awaiting State match, requires the establishment of a separate Capstone Foundation bank account. Requests for separate bank accounts must be made to the Treasurer of the Capstone Foundation. The Treasurer will present the request for separate bank accounts to the Board of Directors for approval.

10. Transactions involving disbursements, transfers, and journal entries are to be processed in a manner similar to such transactions within the University. Requests for payments to suppliers or service contracts are handled through the use of a Miscellaneous Disbursements Form and will be forwarded to Financial Accounting for processing. Departmental Transfer Forms are sent to the department furnishing the goods and services, who in turn send the completed forms to Financial Accounting for processing. Error corrections are made through the use of departmental memorandums sent to Financial Accounting for the appropriate journal entry or entries. Air travel request forms are sent to the Office of Associate Vice President for Finance for processing.

The need for proper documentation to accompany all such items as discussed above cannot be too strongly stated. Adequate documentation includes such items as original receipts, a statement of purpose, the time and place that an activity occurred, and the nature of the activity. It goes without saying that each request should be in accordance with the purposes of the Foundation and the budget as adopted. Failure to supply adequate documentation will result in the request being returned to the originating department, which will delay the entire process and cause additional effort on the part of each of the units involved. However, processing will not be completed unless the documentation as noted above is supplied or other alternative supporting materials are provided.

For each of the documents referred to above, a vital part of the form is that the properly authorized person should have signed the form before it is forwarded for processing.

11. Each organization having an account(s) within the Foundation shall annually prepare a budget of anticipated revenues and expenditures for the year. After the budget has been approved by the appropriate signature authority it should be forwarded to the University Budget office for review. After appropriate review such budgets will be presented to the
Board of Directors of the Foundation for approval and adoption. The fiscal year is
October 1 to September 30.

12. Investment management of funds is an important part of the Foundation’s activities. The
management of funds is classified into long-term investments in stocks, bonds, the
University of Alabama Pooled Fund, or other debt instruments which have maturity dates
beyond one year and are usually for several years, and short-term investments which
consist of certificates of deposit, obligations of the United States such as Treasury Bills
and other commercial paper maturing in less than one year. Both long-term and short-
term investments will be made by the Treasurer of the Foundation or his designee. The
Treasurer will present for review by the Board all of the long-term investments of the
Foundation at each Board meeting or at shorter intervals if conditions seem to warrant
such review.

13. Ten percent of interest earnings for the quarter are credited to the administration account.
The remaining interest earnings will be credited to each account in the Foundation
maintaining a minimum balance of $5,000. The amount credited to each account is based
on the annual spending rate approved by the Board of Directors. Interest earnings are
credited on a quarterly basis for the average month end cash balances for each calendar
quarter. (This does not apply to earnings on funds being held for Eminent Scholars
matching. All earnings for funds being held for Eminent Scholars match are credited to
the appropriate Eminent Scholars account.)

14. An administrative charge is made, based on the expenditures of each of the funds, which
is paid to the University for services furnished by the University to the Foundation. The
fee is reviewed periodically and adjusted as conditions warrant such change.

15. The Foundation and its various member units are entitled to use University services such
as purchasing, printing and duplicating, and others on a cost reimbursement basis.

16. The Board of Directors may authorize any officer or agent of the Foundation to enter into
any contract or to execute and delivery any instrument in the name of and on behalf of
the Foundation, and such authority may be general or confined to a specific instance; and
unless so authorized by the Board of Directors, no officer, agent, individual director or
employee shall have any power or authority to bind the Foundation by any contract or
engagement; or to pledge its credit or to render it liable for any purpose or any amount.

17. Business transactions involving the Foundation and the personal or business affairs of a
director, officer, or employee shall be approved in advance by the Board of Directors of
the Foundation. In addition, directors, officers and staff members of the foundation shall
disqualify themselves from making, participating in making, or in any way attempting to
use their official positions to influence a decision in which they have or would have a
financial interest.

18. University funds or gifts payable to the University shall not be deposited with or
transferred to the Foundation. The Foundation’s solicitation literature shall make it clear
when gifts are to be made payable to the Foundation. The Foundation shall develop a procedure to document when gifts intended for the Foundation are erroneously made payable to a University entity other than the Foundation, and when such documentation is possible, an exchange check may be issued by the University to the Foundation.

When a question is raised as to the proper ownership of funds, (i.e. the University or the Foundation), the matter may be resolved by obtaining a written response from the donor. When that is not possible, a written response from the Foundation or the University to the donor stating the understanding as to the use of the gift funds will be made.

19. Any proposed loans, by any organization or account, or any indebtedness proposed for any organization or account within the Foundation is subject to prior approval by the Board of Directors. When loans are made by the Foundation, a loan agreement form will be required to be executed by both parties, showing the date, term, interest rate, or statement if no interest is to be charged, the repayment schedule and the security if any is required by the terms of the loan.

20. Any perquisites, including supplemental compensation, automobiles, etc for any employee or officer of the University to be furnished by the Foundation must be recommended in writing by the employee’s supervisor and approved by the President or his designee prior to any action being taken.

21. All purchases of equipment or capital assets made by an account within the Foundation, exclusive of automobiles, will be given to the University. All such items will be subject to review by the Chief Financial Officer of the University.

22. Annual financial statements and reports will be prepared by the Treasurer of the Foundation or his designee and presented to the Board of Directors.

Approved: Board of Directors, November 20, 1990
Revised: June 1, 1992 (Item 6)
Revised: November 29, 1993 (Item 9 and Item 13)
Revised: June 8, 1999 (Item 20)
Revised: September 26, 2001 (Item 1, Item 3, Item 4, Item 5, Item 6, Item 7, Item 8, Item 9, Item 10, Item 11, Item 12, Item 13, Item 14, Item 15, Item 16, Item 18, Item 19, Item 20, Item 21)