

A Guide to the
POULTRY SCIENCE ASSOCIATION FOUNDATION

POLICIES AND PROCEDURES

EFFECTIVE JANUARY 27, 2005

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Introduction

1.1

The Poultry Science Association (PSA) Foundation (the Foundation) is the non-profit organization of the PSA responsible for raising, receiving, investing and administration of private support for the benefit of the PSA and the World's Poultry Science Association (WPSA). Created in 2004, the Foundation is designated a charitable organization under Section 501 (c) (3) of the Internal Revenue Code. The current mission of the PSA Foundation, which is governed by a volunteer board of trustees, is:

To advance the founding principles (Appendix 1) of the PSA by securing private financial support for specific components and activities of the PSA and receive, manage, invest, and distribute those assets for the purposes stipulated by the donors.

Confidentiality of Records

1.2

The successful partnership between the PSA and the PSA Foundation is based on effective service, trust, and accountability. The Foundation, as a direct support organization of the PSA, acknowledges the importance of accountability of its financial affairs. The Foundation's ability to assure donors and prospective donors that their personal or financial information will be held strictest in confidence is essential to fulfilling its primary mission of raising private support for the PSA.

Upon receipt of a reasonable and specific request in writing, the Foundation will provide financial information such as expenditures from Foundation funds, documentation regarding completed business transactions, and information about the investment and management of Foundation assets. Protected proprietary information of the Foundation or a third party will not be included. The Foundation will furnish this information in a format reasonably responsible, at a reasonable cost to the requesting party. The Foundation will not, however, release any record or information that includes personal or financial information about a donor, prospective donor, volunteer, or employee (Appendix 5).

All fund raising activities for the benefit of the PSA, undertaken by PSA members, staff, or friends of PSA, are undertaken on behalf of the Foundation. All records associated with such fund raising activities in the possession of any PSA member, staff member, or friend are Foundation records and are confidential.

Funds Administration

1.3

In order to ensure compliance with donors' restrictions on the uses of their gifts, the Foundation will maintain as many separate funds as appropriate. The overall administration is provided by

the 9-member Board of Trustees for the Foundation. A new fund in the Foundation may be established for any purpose within the Foundation mandate to further the mission of the PSA. The Foundation cannot establish funds for programs or purposes that involve contract deliverables, fees-for-services, or sales of merchandise.

There are two primary types of funds at the Foundation: endowed and non-endowed. Each endowment consists of a principal fund and spendable fund. All endowment gifts are deposited into the principal fund. Net spendable income is transferred to the spendable fund, which then becomes available for current or future use. For non-endowed funds, no distinction is made between principal and income, as both gifts and income, if any, are available for use.

Endowed Funds **1.4**

A minimum commitment of \$25,000 is required to establish an endowed fund. The gift is deposited in a principal fund with income transferred to the net spendable income fund at a time appropriate with the investment strategy and the intended use of the endowment.

Non-endowed Funds **1.5**

A new non-endowed fund should only be established for a unique purpose with an expectation that it be used for a period of not less than two years. To reduce the number of Foundation funds to be administered, new gifts can often be placed in existing funds and still fulfill the intent of the donor or a specific need. It is recommended that a non-endowed fund be established only if there is reasonable belief that the fund will receive at least \$2,000 in gifts and the fund use is not limited to a single event.

Fund Information **1.6**

The donor's wishes often provide the most important criteria for determining the fund name and type of fund established. The fund name is referred to in all donor acknowledgments and stewardship reports and, therefore, should clearly and concisely reflect the purpose and intent of the fund. The fund administrator should be appointed by the Foundation Board of Trustees (unless otherwise specified).

Purpose/Use of Funds **1.7**

In most cases the wishes of the donor(s) provide the criteria for determining a fund's restricted purpose. In other instances, funds are established for the general use of a given program or activity with no specific donor restrictions (i.e., unrestricted gifts). Any pertinent documentation indicating the donor intent should be attached to the donor information form (i.e., donor gift letter) or specified on the donor gift form.

Changing Existing Foundation Funds **1.8**

All requests to modify the fund name, fund administrator, or intended purpose/use of funds should be submitted as written requests to the Foundation Business Office to the

attention of the Financial Officer (Appendix 2). The Financial Officer is responsible for these tasks. Any requests that are forthcoming to Business Office will be forwarded to the attention of the Financial Officer for resolution. Changes in the fund name should be made only to clarify the identification of the fund. Fund names should reflect the intended purpose of the fund and/or any donor restrictions. Changes must not violate any specific requests or restrictions of the initial donor. Requests to change the purpose/use of a fund must state the reason for the change and be accompanied by a letter of authorization from the donor(s) when applicable. In most cases, a change in purpose will require the establishment of a new fund and a transfer of the funds balance from the old fund to the new fund.

Closing Foundation Funds **1.9**

A request to close an idle or redundant fund should be submitted in writing by the Chairman of the Board of Trustees to the Foundation's Business Office. This request should be brought to the attention of the PSA Board of Directors for final approval. Any remaining assets in the fund should be transferred to another Foundation fund with a similar purpose. The Chairman of the Board of Trustees must state that the transfer of monies is not in contradiction with the terms of the gift(s) to the original fund. If the fund to be closed has a negative asset balance, funds must be transferred into the closed fund to bring the balance to zero.

Processing, Depositing, and Receipting Assets **2.0**

All gifts for the benefit of the PSA must be sent immediately to the Foundation's Business Office for deposit. All assets sent to the Foundation for deposit and receipt should be accompanied by a completed donor gift/pledge form (Appendix 3). Cash gifts are discouraged if transmitted via mail or other means involving courier. It is strongly recommended that gifts of money be transmitted by personal check or cashier's check.

Gift Receipts **2.1**

A receipt/acknowledgment is sent to each donor upon receipt of the gift (Appendix 4). The receipt reflects the amount or type of gift and the value of any *quid pro quo* received by the donor. Special acknowledgments are sent to donors and families or honorees for memorial and tribute gifts. IRS rules require that a donor, in order to obtain a charitable contribution deduction for federal income tax purposes, must substantiate any charitable contribution of \$250 or more with a receipt (a canceled check is specifically not sufficient) from the PSA Foundation indicating the above referenced information. The Foundation's receipts reflect these requirements.

Non-cash or In-kind Gifts **2.2**

The Foundation must approve in advance the acceptance of all non-cash gifts, except publicly traded securities. If such gifts are accepted, the needs of the PSA will determine whether the gift is held or sold or ownership is transferred to the PSA. The receipt sent

to the donor of a non-cash gift will describe the gift but will not assign value to the non-cash gift. If a donor desires to make a gift of a publicly traded security, please contact the Foundation Financial Officer. Gifts of real property must be coordinated in advance with the Foundation's Financial Officer, who can provide a copy of the detailed procedures for accepting such gifts (Appendix 6).

Memorial and Tribute Contributions **2.3**

Notify the Foundation's Director of Records (or Foundation Business Office), as soon as possible, of expected memorial contributions, so that these gifts will receive special handling. Formal acknowledgments will be sent to the donors and to the decedent's family by the Foundation. Please provide the following information: full name of decedent, name and address of spouse or family member to be informed of memorial gifts, and fund name to be credited. Include a copy of an obituary notice if one is available. The Foundation may also send out special acknowledgments for tribute gifts made to commemorate special occasions such as birthdays and anniversaries. Please provide the following information: full name and address of honoree, name and address of donor, reason for tribute, and fund name to be credited.

Scholarship Contributions **2.4**

Contributions made to scholarship funds for which the fund recipients are determined by a Foundation selection committee, or other such criteria, will be accepted by the Foundation. Funds may be established by name if the donor expresses such desire.

Corporate Matching Gifts **2.5**

Many employers will match gifts made by their employees for the benefit of the Foundation. Employees of participating companies should obtain matching gift application forms from their personnel offices and submit the forms with their gifts or within a short period of time after the gift has been made. If any member of the Foundation Board of Trustees receives a matching gift form, please forward it to the Foundation's Business Office. The Foundation will process the form and return it to the company. When the matching gift is received from the company it is deposited into the same fund as the original gift.

Fund Raising Events **2.6**

IRS regulations require that the PSA and the PSA Foundation provide written disclosure to donors stating what portion of a payment to the Foundation is deductible if a *quid pro quo* is provided. The Foundation will be meticulous in detailing such amounts on brochures, tickets, and other fund raising event materials. This provision is separate from and in addition to the receipt substantiation discussed above. Please check with the Foundation's Business Office to ensure statements on promotional literature, tickets, etc. comply with IRS rules. Because of the complexity of the rules, any questions should be directed to the Foundation's Business Office. All deposits of monies collected from fund

raising events should be submitted directly to the Foundation Business Office.

Pledges **2.7**

A General Pledge Form (Appendix 3) should be provided by the Foundation Business Office detailing two very important items of information: the date on which the donor's pledge payments will begin and the frequency of the pledge reminders. It is the responsibility of the Foundation Business Office to provide follow-up reminders to ensure that donors remain current in keeping pledges. Inevitably, some pledges will be canceled by the donor. Should this occur, either the Foundation Board of Trustees or Foundation Business Office should inform the Foundation and PSA of the situation.

Asset Management **2.8**

The Foundation manages many types of assets for the benefit of the PSA. Those assets may be in the form of cash, securities, real estate, equipment, receivables, literary works, etc. Each asset type is managed according to specific guidelines. Non-cash assets not designated to be held in their original form by the Foundation or transferred to the PSA for use in their original form are sold as quickly as possible and the cash generated from the sale is available to the benefiting funds for expenditure or investment.

Investment Policies **2.9**

The Foundation invests the monies entrusted to it in accordance with the policies developed by the PSA's Finance Committee and approved by the Foundation's Board of Trustees. Earnings distributions are apportioned to the individual funds annually. Endowment investments are chosen to provide maximum total return over an extended period. Eligible non-endowed monies are invested to provide the maximum short-term return with minimal risk. Investments are managed using the expertise of the Foundation's external investment advisor (currently Morgan Stanley).

Administrative Fee Assessment **3.0**

The PSA Foundation has chosen *not* to fund its development and member programs through a series of fees. Therefore, no administrative fee will be assessed on any gift received by the Foundation.

Disbursement Policies **3.1**

The Board of Trustees, and the President of the Board of Trustees acting on behalf of the Board, is solely responsible for disbursements from the funds that are entrusted to their control. All funds shall be administered with due regard to conditions attached to the gift and governing statutes and rules, in accordance with what is reasonable and equitable, and, finally, in the manner in which persons of ordinary prudence would act in the management of property of another. All disbursements must have written justification suitable for auditing purposes. Disbursement of funds will be requested through the

Financial Officer and subsequently signed by the Foundation President and forwarded as appropriate. There are four basic criteria that determine the legitimate use of PSA Foundation funds.

- The use must be reasonable and benefit the PSA.
- The use must fall within the donor's intent for the gift.
- The use must not jeopardize the Foundation's tax-exempt status.
- The use must comply with all applicable statutes and regulations.

APPENDICES

Appendix 1 PSA Foundation Principles

Mission Statement

The Poultry Science Association Foundation, Inc. (the Foundation), is a charitable corporation affiliated with the Poultry Science Association (PSA or Association). The primary purpose of the Foundation is to advance the founding principles of the PSA by securing private financial support for specific components and activities of the PSA. The Foundation is authorized to receive, manage, invest, and distribute assets acquired by the Foundation for the purposes stipulated by the donors.

Relationship of the Foundation to the Poultry Science Association

The Poultry Science Association serves the poultry and poultry-related industries through stimulating basic scientific discovery, encouraging the application of science-based information in the industry, and providing the education and disseminating the knowledge required to maintain a viable industry. In addition, the PSA provides the forum for addressing issues and challenges faced by the industry, members of the Association, and society worldwide.

Although many of these activities are part of the ongoing efforts of the PSA, there are often unique challenges faced by the industry and the Association that can benefit from additional targeted effort and more focused financial support. The opportunities for this added 'margin of excellence' created by the generosity of Foundation Donors will extend the influence of the PSA beyond the traditional arenas. The Foundation would serve as a means of providing support for addressing contemporary issues affecting the poultry industry which include, but are not limited to, 1) sustaining a wholesome and viable food supply, 2) providing a cleaner environment, and 3) contributing to the well-being of people globally. This will truly allow the membership of the PSA to become more global in their influence and provide greater overall benefits to the industry, members of the Association, and people worldwide.

Goals of the Foundation

The specific goals and objectives for the Foundation will require development as part of an overall business plan. However, the general goals of the Foundation are to 1) develop financial support for unique educational opportunities for students, both undergraduate and graduate, such

as scholarships and fellowships, 2) develop financial support for enhancing targeted faculty initiatives specifically benefiting the industry and the PSA, 3) develop financial support for special needs activities of the PSA, such as symposia and conferences, 4) provide financial support for lectureships in addressing specific concerns/issues of importance to the global community, and 5) other specific needs as identified by the governing body or the donors.

Appendix 2 Foundation Business Office Contact Information

Mary Ann Swenson
Administrative Assistant
Poultry Science Association
Phone: 217-356-5285
Fax: 217-398-4119
marys@assoqh.org

James W. Kessler, Ph.D.
Executive Director
Poultry Science Association
Phone: 951-677-0069
Fax: 951-677-2420
jamesk@assoqh.org

Appendix 3 Donor Gift/Pledge Form



THE POULTRY SCIENCE ASSOCIATION FOUNDATION

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Donor Gift Form

- \$ 25.00 \$ 50.00 \$100.00 Other \$ _____
 Check MasterCard VISA American Express

Card # _____ Exp. Date _____

Signature _____

Donor Pledge Form

Pledge Amount: \$ Term of Pledge: Amount per year: \$

Card # _____ Exp. Date _____

Signature _____

Donor Information

Name _____

Address _____

City _____ State _____ Zip _____

Phone _____ Fax _____

Return to:
PSA Foundation
1111 North Dunlap Avenue
Savoy, IL 61874
Phone: 217/356-5285

Appendix 4 Receipt

Dear Dr. :

Thank you for your gift of \$ to the Poultry Science Association Foundation. Your contribution affirms your commitment to the animal industry and the goals of the PSA Foundation.

We appreciate your generous support and solicit and welcome your continuing participation. You will be receiving information periodically about our activities and initiatives. Please let us know whether there are programs that are of particular interest to you, as we are continually looking for better ways to serve the industry, academia, and the community

We are proud to list you among the many donors to the PSA Foundation. Your support makes the achievement of our mission possible. Once again, we thank you for your important contribution to and support of the Foundation.

Sincerely,



James H. Denton, Ph.D.
PSA Foundation Trustee Chair

Poultry Science Association Foundation

Dr. Gift Date:
 Gift Amount: \$
 Gift Destination:

The Poultry Science Association Foundation has not provided any goods for services in return for your contribution

The Poultry Science Association and its Foundation are tax exempt organizations formed under the IRS code 501(c) (3). Please consult your tax advisor on how this contribution may affect your specific tax situation.

Appendix 5 FASS Responsibilities

Donations are received and recorded by M. Swenson, as the FASS Administrative Assistant for PSA; documented in the IMIS database; and transferred to the PSA financial records. Receipts are mailed to the donor by the FASS Administrative Assistant for PSA and are kept as part of the permanent record. The funds are held in a PSA account until the end of the year and then forwarded to Morgan Stanley where the PSA Foundation Fund is held. Dr. James Kessler, as the

Financial Officer, has access to all financial information and can provide such to the PSA Foundation Board upon request. FASS does not control these funds and only has input from the aspect of handling the money within the PSA account, which is a line item.

The information noted in Asset Management may be accessed in the PSA monthly financials and the Morgan Stanley monthly summaries. FASS charges for service will be based on the time spent on these tasks and the FASS rates by departments that are set by the FASS Board of Directors. This is a pay-as you-go system in which the activities noted on the financial side are required.

Appendix 6 Procedures for Non-cash or In-kind Gifts

For non-cash gifts (excluding publicly traded securities) with a value in excess of \$5,000, it is necessary for the donor to complete and file an IRS Form 8283 in order to obtain a charitable contribution income tax deduction. As a courtesy, donors of non-cash gifts are sent a copy of IRS Form 8283 and an explanatory letter detailing how to report the gift for income tax purposes. The donor must submit the completed form to the Foundation Financial Officer for acknowledgement signature. IRS regulations state that the individuals authorized to sign the Foundation tax returns are the only authorized signatories for Form 8283. Any such forms sent to constituent offices should be forwarded to the Foundation Financial Officer. Gifts of real property must also be coordinated in advance with the Foundation Financial Officer.

The Poultry Science Association Foundation

(Submitted January 12, 2005)

(Approved January 22, 2005)