



UC San Diego Foundation

UC SAN DIEGO FOUNDATION POLICY ON DONATION AND DISPOSITION OF MARKETABLE SECURITIES

POLICY

For gifts of marketable securities (defined here as stocks, bonds, and mutual funds), it is the general policy of the UC San Diego Foundation to convert the securities to cash as soon as they are accepted by the Foundation. The proceeds are invested in the appropriate investment vehicle for the fund type the donor designates.

1. Valuation

The Foundation will adhere to the University of California's system-wide policies and IRS recommended guidelines, as they may be in effect from time to time, for establishing the value and valuation date of gifts of marketable securities.

2. Receipting

The Foundation will provide the donor with a receipt that conforms with IRS requirements as they may be in effect from time to time.

3. Disposition

a) Prior to liquidating marketable securities, the Foundation must receive:

- An appropriate gift letter from the donor;
- Confirmation that the securities have been received in a Foundation account, either electronically or in the form of certificates in the Foundation's name, and;
- Confirmation that there are no restrictions regarding the sale or other disposition of the securities.

b) Timing of liquidation:

- **Readily marketable securities:** Sell order, at market price, is to be placed with the broker at the earliest period during open exchange hours.
- **Mutual funds:** The mutual fund company is to be instructed to sell the shares at the next net asset value (NAV) fund closing price.
- **Low trading volume or somewhat illiquid stocks:** Shares are to be sold in prudent block amounts over a period of time sufficient to avoid dramatically disrupting the stock price by selling the entire holding at one time.

The Foundation's Chief Financial Officer will make the decision for the timing of disposition of the shares, after consulting with the selling broker, and with direction from the Foundation President and Investment Committee Chair.

Addendum: Restrictions on securities are considered lifted when the Broker states that it is safe to sell. No particular terminology is required. The broker will then bear primary responsibility for the security. (Approved by Investment Committee on September 8, 1999)

Original Policy Approved
by Board of Trustees
June 26, 1987

Guidelines Separated and
Submitted for Review to
Investment Committee
February 25, 1999

**UC SAN DIEGO FOUNDATION
DONATION AND DISPOSITION OF MARKETABLE SECURITIES
ADMINISTRATIVE GUIDELINES**

I. VALUATION

- A. Valuation will be in general conformance with the University of California's Development Policy and Administrative Manual, Section IV.D.2.
- B. Valuation dates for securities are determined as follows:
- 1) If hand-delivered, the date when a properly endorsed stock certificate is surrendered to a UC San Diego Foundation representative;
 - 2) If sent by mail, the date of mailing, provided the securities and the stock power are received in a form negotiable by the Foundation;
 - 3) If stock certificate is reissued in the Foundation's name, the date the security is transferred into the Foundation's name on the books of the issuing corporation;
 - 4) If securities are transferred directly from the donor's brokerage account to the Foundation's brokerage account, the date the securities are received in the Foundation's account;
 - 5) If securities are restricted, the date the restrictions are removed from the security*; and
 - 6) If mutual fund shares, the date the shares are transferred into the Foundation's mutual fund account.
- C. Valuation amount is determined as follows:

- 1) For stock, the average of the stock's high and low prices on the valuation date, as printed the following day in the Wall Street Journal, multiplied by the number of shares;
- 2) For bonds, as obtained from the Foundation's broker and confirmed via published prices; and
- 3) For mutual funds, the net asset value closing price per share on valuation date.

II. RECEIPTING

A. In conformance with IRS and University of California requirements, the Foundation's policy for receipting marketable securities is to provide the donor with a receipt that:

- 1) Contains a gift description that is sufficient to link it to the donor's records, by including the quantity and the title or other description of the securities donated; but
- 2) Does NOT contain a dollar valuation of the securities donated, as this is the responsibility of the donor.

NOTE: Staff provides the donor with a separate informational letter, not for receipting purposes, that explains the amount and methods by which securities were valued for the Foundation's internal records.

* Restrictions are considered lifted when the Foundation's Broker states that the Foundation may sell the securities. If the broker will not confirm in writing, staff will then draft a memo to the file.

**UC SAN DIEGO FOUNDATION
POLICY ON DONATION AND DIPOSITION OF MARKETABLE SECURITIES:
SUMMARY OF REVISIONS**

DATE	DECIDING PARTY	ACTION
6/26/87	Board of Trustees	Approved the original policy
2/25/99	Investment Committee	Revised: Revised policy shortened to include only the “true” policy statements. Additionally, the valuation section of the policy has been expanded and the admin. Details have been placed in a separate document as guidelines.
3/12/99	Board of Trustees	Approved: Board approved the revisions made by the Investment Committee on 2/25/99
9/8/99	Investment Committee	Addendum: An addendum was attached which clarifies that when the Broker indicates that it is safe to sell, then restrictions on securities are considered lifted. Since this was just an addendum, the policy was not taken to the Board for approval.