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Tom Mitchell, Vice President, Advancement, Executive Vice President, University of Florida Foundation

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**RESOURCES**

- RSM, *Audit Committee Guide for Not-for-Profit Organizations*, RSM National Not-for-Profit Practice
- NONPROFITSTANDARD, The blog of the BDO Nonprofit & Education Practice, [http://tinyurl.com/nonprofitstandard](http://tinyurl.com/nonprofitstandard)
A MESSAGE FROM TOM MITCHELL

Endowments are the hallmark of a great university, and the University of Florida’s endowment is no exception. The endowment, coupled with the private support raised from our very generous alumni, friends, family and volunteers, is critical to the University’s vision to be regarded among the very best in the country.

The University of Florida Foundation’s (UFF) ability to effectively support the mission and vision of the University is directly related to the quality and commitment of our dedicated volunteers. As we continue to grow and evolve, we will work together to answer the questions before us:

- How do we provide effective oversight of the endowment and investments?
- How do we help UFF achieve long-term fiscal success and maintain a solid fiscal condition?
- How do we best assist the UFF Executive Board in fulfilling its fiduciary oversight responsibilities?
As a stakeholder who shares expertise and is equally passionate about the need to fulfill fiduciary oversight responsibilities, protect the endowment and help achieve long-term fiscal goals, we present to you a framework to serve as our guide. Together we will positively impact the professionals who will lead our organization into the next era.

Go Gators!

Thomas J. Mitchell,
Vice President, Advancement
Executive Vice President, University
of Florida Foundation
FINANCE ADVISORY COMMITTEE

With growing expectations and reliance on private support, the Foundation is critical to the success of the University. As a result, the need for greater oversight and input from those equipped with significant expertise is essential to the Committee and Executive Board.

PURPOSE

The purpose of the Finance Advisory Committee is to recommend to the Executive Board fiscal policies and operating and strategic budgets, oversee investment management, and monitor fiscal performance and condition of the Foundation.

ROLES AND RESPONSIBILITIES

To be regarded among the very best, the Finance Advisory Committee advances UFF and the University by leveraging the professional experience, talent, business acumen and dedication of its members in order to execute the following roles and responsibilities.

“The finance committee is an important element of the financial planning, control and evaluation process for most not-for-profit organizations. Effective oversight of the budgeting process, investment management and financial performance ensures continuance of the entity and the ability to fulfill its mission.”

RSM
1: OPERATING AND STRATEGIC BUDGETS

Recommends operating and strategic budgets to Executive Board

The Committee will review and recommend to the Executive Board the annual operating budget and the strategic budget, as aligned with the annual business plan and strategic plan. The Committee will discuss, as appropriate:

- Significant revenue and expenditure assumptions
- Alignment of funding model and staffing with fundraising and organizational goals
- Strategic and reserve funding

2: ENDOWMENT AND FISCAL POLICIES AND FEES

Recommends policies and fees to Executive Board

The Committee is charged with establishing fees and policies to govern fiscal operations and administer the University’s hallmark endowment. The Committee will discuss, as appropriate:

- Requirements of Florida Uniform Prudent Management of Institutional Funds Act
- Endowment spending policies and needs of the University
- Fees and peer data
- Fiscal policies and best practices
3: INVESTMENT MANAGEMENT AND OVERSIGHT

Provides effective oversight of investments

Oversight of the endowment’s investments is paramount to the future of the University. The investments are managed by the University of Florida Investment Corporation (UFICO) with oversight provided by this committee. The Committee will review, as appropriate:

- Investment philosophy and objectives
- Requirements of Florida Uniform Prudent Management of Institutional Funds Act
- Benchmarks and asset class allocations, annually
- UFICO staff and procedures regarding due diligence, controls, reporting and investment decisions
4: Fiscal Performance and Condition

Provides oversight of fiscal performance and condition

The Committee is key to ensuring long-term fiscal success and will review, as appropriate:

- Actual fiscal performance and budget, quarterly
- Available resources to ensure alignment with mission and strategy
- Qualifications, expertise and resources of staff
- Quality and appropriateness of internal fiscal reporting

The chair will report matters of import to the Executive Board, as well as management, when appropriate. The Committee shall consider changes to these responsibilities, as necessary, to reflect the current economic environment and best practices.
MEMBERSHIP
MEMBERSHIP

Membership of this committee consists of approximately 12 individuals with expertise in budgeting, operations, planning, finance, law, investments and business. The knowledge these members bring to **four meetings a year**, at a minimum, serve to advance UFF and the University and fulfill fiduciary responsibilities.

During the year, the chair and Committee members may be asked to review and offer feedback. The staff liaison may seek informal guidance with respect to the implementation of new policy, questions related to operations, budgeting, finance, investments, succession planning and other key issues.

CHAIR

The chair holds a two-year seat on the UFF Executive Board to formally represent the work of the Committee and share advances, opportunities and issues. The chair is nominated by the UFF Board Nominating Advisory Committee and confirmed by the Executive Board.

In this capacity, the chair partners with the staff liaison (Chief Financial Officer) to organize meetings and lead the activities of the Committee. The chair is charged with articulating and supporting the mission, vision and goals of UFF as well as the Committee.

2016 Finance Advisory Committee Chair
John Vreeland
The chair presides over meetings – exercising diligent, energetic and professional leadership – to set the agenda, guide discussion, follow the agenda timeline, identify key speakers to address relevant topics and summarize the discussion. The chair presents progress and key milestones on the goals and activities of the Committee. When appropriate, the chair may assign Committee members to serve on subcommittees to address special topics.

The chair is mindful to avoid any situation that could cause conflict of interest. While facilitating discussion, it is the chair’s responsibility to engage all members and instill an environment that is inclusive, participatory and encouraging of varying perspectives. Finally, the chair builds consensus and relays the collective opinion to the Executive Board.

VICE CHAIR

The vice chair serves a two-year term and has the opportunity to assume the position of chair. The vice chair is nominated by the UFF Board Nominating Advisory Committee and confirmed by the Executive Board. In the absence of the chair, the vice chair will carry out the responsibilities of the chair. In concert with the chair, the vice chair oversees succession within the Committee. In addition, the vice chair guides committee self-assessment, provides orientation to new members, and provides
leadership on strategic issues and potential opportunities relevant to the Committee’s purpose.

**GOVERNANCE**

**CRITERIA OF MEMBERSHIP**

The strength of this committee is tied to governance practices grounded in the principles of transparency and accountability. Beginning with the criteria of membership, it is essential that the Committee models diversity and inclusivity with a respect for differences in race, gender, age, national origin, disability, sexual orientation, education, religion and regional representation.

Additionally, it is important that the structure of the Committee represents a balance among members with diverse professional backgrounds and college/unit affiliations, as well as an understanding and enthusiasm for the work of the University of Florida.
**CONFLICTS OF INTEREST**
Each member of the Committee must comply with the Foundation’s policy on conflicts of interest as set forth in the bylaws, and be free from any financial, family or other personal conflicts that would interfere with the exercise of his or her independent judgment in carrying out the member’s duties. In addition, members of the Committee may not accept directly or indirectly any consulting, advisory or other compensatory fee from the Foundation or be an affiliate of the Foundation or any subsidiary.

**TERMS OF SERVICE**
Members of this committee serve two two-year terms, allowing the Committee to continually focus on innovation as new members bring fresh perspectives and ideas. Additionally, setting term limits allows the Committee to be future-focused as it continues to recruit individuals who can contribute in meaningful ways.

**SUCCESSION**
The Committee and staff review the composition of membership on a regular basis. To fill vacant positions or gaps in the Committee, staff and committee members may nominate individuals from the UFF National Board. Staff or committee members may also identify alumni or friends of the University who may not formally serve on the board but have interest in working with the Foundation on topics related to their expertise. Those in this latter category fall under the title of “Special Appointee.” As with all committee members, new members are nominated by the UFF Board Nominating Advisory Committee and confirmed by the Executive Board.
ADDITIONUM
SELF-ASSESSMENT: ESTABLISHED MEASURES OF QUALITY

A collaborative committee can have an overwhelming impact on the organization it serves. To promote best practices within the Committee, members take time to reflect on and share which aspects succeeded and those which might benefit from a different approach.

This self-assessment is designed to foster excellence through meaningful and effective engagement. It helps to identify best practices and assess current practices, and should be completed annually through an online survey. It comprises a universal section, Structure, Roles and Responsibilities, pertinent to all UFF committees and established measures of quality critical to the success of this committee. In summary, the self-assessment effort is led by the vice chair and targets the following established measures of quality:

1. Structure, Roles and Responsibilities

2. Investment Management and Oversight

3. Budgeting, Fiscal Planning and Fiscal Performance and Condition

4. Fiscal and Endowment Policies and Fees
1: **STRUCTURE, ROLES AND RESPONSIBILITIES**

*Established measure of quality for all committees*

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<thead>
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<tr>
<td>1</td>
<td>Committee has a clear, focused and documented mission, vision and goal(s) statement.</td>
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<td>2</td>
<td>Chair, vice chair, committee members have written position descriptions which outline specific roles and responsibilities, expectations, term limits and time commitments.</td>
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<td>3</td>
<td>Committee spends time on membership discussion and succession planning.</td>
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<td>4</td>
<td>Committee reflects the organization’s values and seeks diversity by engaging and valuing the characteristics that make a person unique, i.e., age, gender, talent, race, location/region.</td>
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<tr>
<td>5</td>
<td>Committee members are provided with a written draft agenda/support materials in advance of meetings (14 days), along with follow-up cues to review materials, answer questions, and identify issues.</td>
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<tr>
<td>6</td>
<td>Meetings are well-planned by the chair and staff. The agenda is well thought out with educational, informational and engagement pieces, and includes important topics presented by volunteers and allocates adequate time for discussion of issues.</td>
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<td>7</td>
<td>An annual work plan is in place for the Committee and reviewed and approved by the Committee and Executive Board.</td>
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<td>8</td>
<td>All meetings have written minutes. Minutes and action items are completed and distributed 14 days after each meeting. Action items are addressed in a timely manner and communicated to members/staff.</td>
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</tbody>
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An annual self-evaluation process is in place. Annual feedback is given to volunteers on their performance. Committee members also provide feedback on the staff and operations of the Committee.

Committee members have clarity of primary staff contact. Staff is accessible, well-informed and regularly expresses appreciation to members. There are regular meaningful conversations engagement with members outside of formal meetings.

OBSERVATIONS:

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SUGGESTIONS:

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FINANCE ADVISORY COMMITTEE
### INVESTMENT MANAGEMENT AND OVERSIGHT

*Established measure of quality for this committee*

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<tr>
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<th>Question</th>
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<tbody>
<tr>
<td>1</td>
<td>Are the investment philosophy and objectives documented in writing and approved by the Committee/Executive Board? Does the Committee provide oversight of this document annually?</td>
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<tr>
<td>2</td>
<td>Are investment benchmarks reviewed and approved annually, and compared to actual performance?</td>
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<tr>
<td>3</td>
<td>Is the asset allocation reviewed and approved annually by the Committee/Executive Board?</td>
</tr>
<tr>
<td>4</td>
<td>Does the Committee have access to and assess the qualification, expertise and resources of the investment staff?</td>
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<tr>
<td>5</td>
<td>Are effective internal controls and due diligence procedures in place and performed for the investment process?</td>
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<tr>
<td>6</td>
<td>Are the investment process and reporting appropriately transparent?</td>
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<tr>
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<th>Question</th>
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<tr>
<td>7</td>
<td>Are factors considered in managing and investing institutional funds, as required by the Florida Uniform Prudent Management of Institutional Funds Act, such as: general economic conditions; the possible effect of inflation or deflation; the expected tax consequences, if any, of investment decisions or strategies; the role each investment or action plays within the overall investment portfolio of the fund; the expected total return from income and the appreciation of investments; other resources of the institution; the needs of the institution and the fund to make distributions and to preserve capital; and an asset’s special relationship or special value, if any, to the charitable purposes of the institution?</td>
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3: BUDGETING, FISCAL PLANNING AND FISCAL PERFORMANCE AND CONDITION

Established measure of quality for this committee

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<tr>
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<th>Question</th>
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<tbody>
<tr>
<td>1</td>
<td>Does the Committee provide oversight of the annual budget? Is the annual budget reviewed in detail and approved by the Committee/Executive Board?</td>
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<tr>
<td>2</td>
<td>Does the Committee provide oversight of the strategic budget and fiscal planning to ensure alignment with the strategic plan?</td>
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<td>3</td>
<td>Does the Committee ensure the organization has sufficient resources and funding to accomplish the mission and strategy?</td>
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<tr>
<td>4</td>
<td>Does the Committee monitor fiscal performance and condition throughout the year? Does the Committee compare actual performance to budget?</td>
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<tr>
<td>5</td>
<td>Is fiscal reporting adequate to provide appropriate oversight?</td>
</tr>
<tr>
<td>6</td>
<td>Does the Committee have access to and assess the qualification, expertise and resources of the staff?</td>
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OBSERVATIONS:

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SUGGESTIONS:

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### 4: FISCAL AND ENDOWMENT POLICIES AND FEES

*Established measure of quality for this committee*

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<tbody>
<tr>
<td><strong>1</strong></td>
<td>Does the Committee establish and maintain appropriate fiscal policies, aligned with the mission and strategy, to protect institutional assets and reputation?</td>
</tr>
<tr>
<td><strong>2</strong></td>
<td>Are fee policies consistent with industry and peers?</td>
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<tr>
<td><strong>3</strong></td>
<td>Does the Committee establish/recommend the endowment expenditure policies? Are factors considered in establishing the endowment expenditure policy, as required by the Florida Uniform Prudent Management of Institutional Funds Act, such as: the duration and preservation of the endowment fund, the purposes of the institution and the endowment fund, general economic conditions, the possible effect of inflation or deflation, the expected total return from income and the appreciation of investments, other resources of the institution and the investment policy of the institution?</td>
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**OBSERVATIONS:**

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**SUGGESTIONS:**

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