

Legal Compliance and Public Disclosure

#	Principle	IUF's Current State of Compliance	Action Plans
1	<p>A charitable organization must comply with all applicable federal laws and regulations, as well as applicable laws and regulations of the states and the local jurisdictions in which it is based or operates. If the organization conducts programs outside the United States, it must also abide by applicable international laws, regulations and conventions that are legally binding on the United States.</p>	<p>The IUF has established a board of directors which governs the overall operations. Accordingly, the board sets an appropriate tone at the top which clearly establishes the expectation that the IUF comply with all applicable laws and regulations of the U.S., as well as the states and the local jurisdictions in which it is based or operates.</p> <p>The IUF also has a system of internal controls in place to help ensure compliance with applicable laws, regulations, standards, and conventions. While management has the responsibility for ensuring internal controls are in place, the General Counsel and the AVP & Chief Compliance Officer (AVP-CCO) monitor compliance and make recommendations for improvements.</p> <p>In addition, the IUF has recently implemented an Assurance Oversight Group which will help oversee the organizational compliance efforts. The IUF also makes use of external entities such as attorneys, accounting firms, and other experts to help ensure our compliance efforts.</p>	<p>Due to new or changing laws and regulations, this principle inherently requires ongoing review and assessment.</p> <p>Consider the value of a comprehensive audit to provide management with feedback regarding compliance and opportunities for improvement.</p> <p>Explore the need to provide formal training and awareness programs to help ensure and facilitate compliance efforts.</p>
2	<p>A charitable organization should have a formally adopted, written code of ethics with which all of its directors or trustees,</p>	<p>The IUF has had a Code of Ethics policy in place for several years. The Audit Committee has the ultimate</p>	<p>Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.</p>

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	<p>staff and volunteers are familiar and to which they adhere.</p>	<p>oversight for reviewing any and all disclosures submitted by officers and directors. Any disclosure requiring remedial action will be referred to the appropriate board committee.</p> <p>All new board members and IUF staff receive formal orientation training in which the Code of Ethics is presented and discussed.</p> <p>The AVP-CCO is responsible for maintaining this policy and the Audit Committee reviews and submits the policy to the full board for approval.</p> <p>All IUF Representatives, which includes Directors, officers, employees, volunteers, and agents, are expected to understand and comply with this policy.</p>	<p>Explore the need to provide formal ethics training and awareness programs to all IUF Representatives.</p>
3	<p>A charitable organization should adopt and implement policies and procedures to ensure that all conflicts of interest, or the appearance thereof, within the organization and the board are appropriately managed through disclosure, recusal, or other means.</p>	<p>The IUF has had a Conflicts of Interest policy in place for several years. The Audit Committee has the ultimate oversight for reviewing any and all disclosures submitted by officers and directors. Any disclosure requiring remedial action will be referred to the appropriate board committee.</p> <p>Board members are expected to be recused from discussions and/or votes when a conflict of interest with regard to a particular transaction exists.</p> <p>All new board members and IUF staff</p>	<p>Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.</p> <p>Explore the need to provide formal ethics training and awareness programs to all IUF Representatives.</p> <p>Explore the need to establish a formal communication process to let board committee chairs know of any conflicts of interest so that the appropriate recusal takes place when necessary.</p>

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		<p>receive formal orientation training in which the Conflicts of Interest policy is presented and discussed.</p> <p>The AVP-CCO is responsible for maintaining this policy and the Audit Committee reviews and submits the policy to the full board for approval.</p> <p>All IUF Representatives, which includes Directors, officers, employees, volunteers, and agents, are expected to understand and comply with this policy. Directors and officers are required to respond to the Conflicts of Interest policy annually.</p>	
4	<p>A charitable organization should establish and implement policies and procedures that enable individuals to come forward with information on illegal practices or violations of organizational policies. This "whistleblower" policy should specify that the organization will not retaliate against, and will protect the confidentiality of, individuals who make good-faith reports.</p>	<p>The IUF has had a Whistleblower policy in place for several years. The AVP-CCO is responsible for maintaining this policy and the Audit Committee has chief oversight. There are several reporting conduits including telephone, email, and internet hotlines.</p> <p>The policy outlines the roles, responsibilities, and rights of all parties involved in an allegation. The policy also strictly prohibits retaliatory actions against the individual who makes an allegation.</p> <p>In addition, the IUF has had a Fraud Policy for several years which details management's responsibility for implementing a system of internal</p>	<p>Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.</p> <p>Explore the need to provide formal, relevant training and awareness programs to all IUF Representatives.</p>

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		<p>controls to prevent and detect fraudulent transactions.</p> <p>The IUF has established an incident response team that provides oversight for the investigation and resolution of all allegations. Confidentiality of all parties is protected to the maximum extent possible.</p>	
5	<p>A charitable organization should establish and implement policies and procedures to protect and preserve the organization's important documents and business records.</p>	<p>The IUF has had a Records Retention policy and related retention schedule in place for several years. The General Counsel is responsible for maintaining this policy and convenes the Records Retention Oversight group.</p> <p>In addition, the IUF has undertaken a formal process to image all critical documents to help ensure preservation and archival needs.</p>	<p>The IUF is in the process of updating the policy and schedule to ensure it remains current and addresses all legal and compliance related requirements.</p> <p>IUF Internal Audit will facilitate departmental meetings to identify needed modifications to the retention schedule and will implement periodic audits ensuring compliance.</p>
6	<p>A charitable organization's board should ensure that the organization has adequate plans to protect its assets—its property, financial and human resources, programmatic content and material, and its integrity and reputation—against damage or loss. The board should review regularly the organization's need for general liability and directors' and officers' liability insurance, as well as take other actions necessary to mitigate risks.</p>	<p>The IUF has an internal risk management review team that annually reviews the insurance coverage maintained by the IUF. The Executive Director-Real Estate convenes this group and regularly makes status reports to the IUF Audit Committee.</p> <p>Beyond simple risk management, the IUF performs a comprehensive risk assessment. The AVP-CCO oversees the process of identifying organizational risks, the potential impact, the internal controls mitigating such risks, and any suggested action plans. This</p>	<p>Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.</p>

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		<p>assessment is shared regularly with the external auditor and the Audit Committee.</p> <p>The IUF also has a business continuity plan which addresses the processes to be undertaken should the organization experience an interruption in the normal course of business.</p>	
7	<p>A charitable organization should make information about its operations, including its governance, finances, programs and activities, widely available to the public. Charitable organizations also should consider making information available on the methods they use to evaluate the outcomes of their work and sharing the results of those evaluations.</p>	<p>The IUF strongly endorses transparency in operations and reporting and proactively communicates various initiatives to a wide audience. Audited financials, the investment policy and periodic reporting of investment returns and results, and the IUF annual report are placed on the public website. The IUF mission statement, certain process oriented details (funding, accountability, etc), names and designations of board members, and strategic plan goals are also on the public website.</p>	<p>Consider modifying its internet presence to provide additional information regarding corporate governance (e.g. whistleblower policy and hotline conduits), key performance information with regard to the strategic plan goals, a copy of the 990 tax return, and progress on campaign goals.</p> <p>Should we elect to formally adopt these principles, consider a formal statement to that end and consider reports on our progress in implementing of each principle.</p> <p>Consider utilizing a panel made of up independent board members to assess our compliance with these principles. The AVP-CCO would serve as the IUF staff facilitating this review.</p>

Effective Governance

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8	A charitable organization must have a governing body that is responsible for reviewing and approving the organization's mission and strategic direction, annual budget and key financial transactions, compensation practices and policies, and fiscal and governance policies.	<p>The IUF has an active board which includes three classes of director (Principal, Lifetime, and Honorary), two of which have voting privileges. The board has seven standing committees plus a compensation committee which provide oversight and governance. The IUF by-laws provide the standards by which the board and board committees operate.</p> <p>The IUF has a formal mission, strategic plan, and annual budget which are approved by the board.</p> <p>IUF staff provides regular and timely reports to the board detailing progress towards the strategic plan goals and status of actual financial status versus the budgeted plan.</p>	Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.
9	The board of a charitable organization should meet regularly enough to conduct its business and fulfill its duties.	The IUF board meets three times each year. Committees may elect to meet more frequently if necessary.	Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.
10	The board of a charitable organization should establish its own size and structure and review these periodically. The board should have enough members to allow for full deliberation and diversity of thinking on governance and other organizational matters. Except for very small organizations, this	<p>The IUF by-laws currently allow for 46 Principal directors who have voting privileges.</p> <p>In addition, the IUF also has the designations of Life and Honorary directors. Life directors are those board members who have achieved the age</p>	Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.

	generally means that the board should have at least five members.	<p>of 72 and as former Principal directors retain voting privileges.</p> <p>The bulk of the work performed at the board level is done in committee. The IUF has allocated staff to serve as committee liaisons to facilitate this work. Results are reported at each full board meeting.</p>	
11	The board of a charitable organization should include members with the diverse background (including, but not limited to, ethnic, racial and gender perspectives), experience, and organizational and financial skills necessary to advance the organization's mission.	<p>The board nominating committee (Committee on Directors) has standard guidelines which promote diversity.</p> <p>Board committees have implemented required skill sets to assist in the nomination and selection of board members. The IUF also employs the use of consulting members who provide specific expertise on which the board may rely.</p> <p>The Audit Committee charter requires at least 2 financial experts as defined by the Sarbanes-Oxley Act of 2002. One of these financial experts may be a consulting member.</p>	The IUF Board of Directors and management are deeply committed to diversity at all levels of the organization. The IUF strives to maintain a culture in which clarity of expectations and accountability at all levels of leadership are communicated and understood. The Board of Directors and management will continue to partner in exploring options to further enhance our efforts of diversity while at the same time advancing our mission.
12	A substantial majority of the board of a public charity, usually meaning at least two-thirds of the members, should be independent. Independent members should not: (1) be compensated by the organization as employees or independent contractors; (2) have their compensation determined by individuals who are compensated by the organization; (3) receive, directly or	<p>Of the 46 Principal members, 41 would be defined as independent. All Life directors are independent.</p> <p>The IUF appropriately discloses any related party transactions.</p>	Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.

	indirectly, material financial benefits from the organization except as a member of the charitable class served by the organization; or (4) be related to anyone described above (as a spouse, sibling, parent or child), or reside with any person so described.		
13	The board should hire, oversee, and annually evaluate the performance of the chief executive officer of the organization, and should conduct such an evaluation prior to any change in that officer's compensation, unless there is a multi-year contract in force or the change consists solely of routine adjustments for inflation or cost of living.	<p>The Executive Committee of the board provides an annual assessment of the CEO's performance.</p> <p>The compensation committee, which is comprised solely of independent directors, approves the CEO's compensation prior to any changes. This committee also approves the total compensation for all disqualified personnel in accordance with the Internal Revenue Code.</p> <p>The IUF employs a market based compensation system to establish the salaries of all employees. Comparative information is obtained from reliable external sources to ensure the validity of the data utilized. This comparative data is shared with the compensation committee to facilitate their review.</p> <p>The IUF complies with all compensation disclosures as required by the Form 990 Corporate Tax Return.</p>	Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.
14	The board of a charitable organization that has paid staff should ensure that	The positions of Board Chair, Vice Chair, and Treasurer are all held by	Management believes IUF to be in full compliance with this principle. No

	the positions of chief staff officer, board chair, and board treasurer are held by separate individuals. Organizations without paid staff should ensure that the positions of board chair and treasurer are held by separate individuals.	separate individuals. In addition, the Vice Chair and Treasurer positions are each held by volunteers.	remediation deemed necessary.
15	The board should establish an effective, systematic process for educating and communicating with board members to ensure that they are aware of their legal and ethical responsibilities, are knowledgeable about the programs and activities of the organization, and can carry out their oversight functions effectively.	<p>The full board meets three times each year. At each board meeting, Committee chairs provide reports detailing IUF activities and programs.</p> <p>Frequent communications are provided to the full board in addition to a board website maintained by the IUF.</p> <p>All new board members receive formal orientation training during which the Code of Ethics is presented and discussed.</p> <p>IUF, IU staff, and other individuals with specific and relevant expertise frequently make presentations and provide educational materials to the full board and various board committees</p>	Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.
16	Board members should evaluate their performance as a group and as individuals no less frequently than every three years, and should have clear procedures for removing board members who are unable to fulfill their responsibilities.	<p>The full board has conducted a self assessment within the past 3 years.</p> <p>The Legal Affairs and Audit Committees conduct committee self assessments at least every three years.</p> <p>All results are communicated as appropriate.</p>	Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.
17	The board should establish clear policies and procedures setting the	Directors serve for a term of three years (or until the end of the respective term	Management believes IUF to be in full compliance with this principle. No

	length of terms and the number of consecutive terms a board member may serve.	<p>of her or his predecessor if the Director shall have been elected to succeed a person who has not completed her or his three-year term).</p> <p>Directors for each class are elected from nominees proposed by the Committee on Directors, and appointed with the Board's approval by the Chairman of the Board.</p> <p>Vacancies may be filled by election at any meeting of the Directors following the occurrence of such vacancy.</p> <p>A director is elected by the Board of Directors then in office.</p>	<p>remediation deemed necessary.</p> <p>Explore the need to establish limits as to the number of consecutive terms a director may serve.</p>
18	The board should review organizational and governing instruments no less frequently than every five years.	The IUF by-laws, corporate resolutions, and employee benefit plan documents are all reviewed periodically to ensure they are current and comply with all laws and regulations.	Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.
19	The board should establish and review regularly the organization's mission and goals and should evaluate, no less frequently than every five years, the organization's programs, goals and activities to be sure they advance its mission and make prudent use of its resources.	The IUF employs a 10 year strategic plan which is reviewed at each meeting of the Long Range and Strategic Planning Committee of the board.	Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.
20	Board members are generally expected to serve without compensation, other than reimbursement for expenses incurred to fulfill their board duties. A charitable organization that provides compensation to its board members	Other than the cost of meals provided during board meetings, IUF board members are expected to pay all expenses incurred in the fulfillment of their obligations as board members.	Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.

	<p>should use appropriate comparability data to determine the amount to be paid, document the decision and provide full disclosure to anyone, upon request, of the amount and rationale for the compensation.</p>		
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Strong Financial Oversight

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21	<p>A charitable organization must keep complete, current, and accurate financial records. Its board should receive and review timely reports of the organization's financial activities and should have a qualified, independent financial expert audit or review these statements annually in a manner appropriate to the organization's size and scale of operations.</p>	<p>The IUF maintains detailed financial records. The Finance Committee of the IUF board reviews specific records at each committee meeting.</p> <p>IUF financial records are audited by a qualified and independent firm to ensure they are fairly stated. Results are shared at the Audit Committee.</p> <p>Committee chairs make reports to the full board as appropriate.</p>	<p>Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.</p>
22	<p>The board of a charitable organization must institute policies and procedures to ensure that the organization (and, if applicable, its subsidiaries) manages and invests its funds responsibly, in accordance with all applicable legal requirements. The full board should review and approve the organization's annual budget and should monitor actual performance against the budget.</p>	<p>The IUF has policies that outline its responsibilities for the management and investment of funds. The policies specifically outline the governance structure that allows the board to fulfill its fiduciary responsibilities.</p> <p>The IUF Policy Committee reviews policies regularly to ensure they are current. In addition, the IUF engages an external audit firm to audit the financial statements ensuring they are</p>	<p>Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.</p>

		<p>fairly stated.</p> <p>The IUF utilizes an account structure which separates donor gifts into specific and individual accounts. Accounts are numbered to identify the IU unit benefiting from the gift. Accounts are also coded to facilitate the monitoring of donor intent by identifying the types of expenditures for which the funds may be used.</p> <p>The Finance Committee approves the annual budget and reviews performance of budgeted to actual throughout the year.</p> <p>The Investment Committee provides oversight of the IUF investment strategy. The IUF employs numerous investment managers with specific expertise to ensure a well diversified portfolio. The Investment Policy is approved by the Investment Committee and displayed on the IUF public website.</p> <p>The IUF seeks board approval for the allocation and use of excess operating funds.</p>	
23	<p>A charitable organization should not provide loans (or the equivalent, such as loan guarantees, purchasing or transferring ownership of a residence or office, or relieving a debt or lease</p>	<p>The IUF has a policy which prohibits loans to directors, officers, and employees and, as such, does not engage in such activity.</p>	<p>Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.</p>

	obligation) to directors, officers, or trustees.		
24	A charitable organization should spend a significant percentage of its annual budget on programs that pursue its mission. The budget should also provide sufficient resources for effective administration of the organization, and, if it solicits contributions, for appropriate fundraising activities.	<p>100% of the IUF budget is expended on programs and activities that pursue our mission of maximizing private support for Indiana University. In compliance with industry standards, laws, and accounting guidance, we provide detailed reporting characterizing the programs and activities within specified categories.</p> <p>The IUF employs a fundraising staff with specialized knowledge. The IUF works with IU to establish development offices for IU units and campuses and assists these offices with achieving their fundraising goals.</p>	Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.
25	A charitable organization should establish clear, written policies for paying or reimbursing expenses incurred by anyone conducting business or traveling on behalf of the organization, including the types of expenses that can be paid for or reimbursed and the documentation required. Such policies should require that travel on behalf of the organization is to be undertaken in a cost-effective manner.	The IUF has policies providing guidance on the submission and approval of expenses incurred by both IUF employees and those Indiana University units which benefit from the gift funds administered by the IUF. These policies are based on, and when appropriate include reference to, the Internal Revenue Code. This area is subject to routine audits.	Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.
26	A charitable organization should neither pay for nor reimburse travel expenditures for spouses, dependents or others who are accompanying someone conducting business for the organization unless they, too, are	The IUF has implemented policies which provide for the reimbursement of spousal expenses to the spouse of the IUF President only, within very narrow parameters. This area is subject to routine audits.	Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.

	conducting such business.		
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Responsible Fundraising

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27	Solicitation materials and other communications addressed to donors and the public must clearly identify the organization and be accurate and truthful.	The IUF requires that solicitation materials be approved by the AVP Administration prior to use to ensure any funds raised can be considered charitable gifts and that the IUF can administer them in accordance with our stated mission and tax exempt purpose.	Continue to emphasize the requirement that solicitation materials must be approved by the IUF prior to release. This could be part of a formal consulting program led by IUF staff.
28	Contributions must be used for purposes consistent with the donor's intent, whether as described in the relevant solicitation materials or as specifically directed by the donor.	The IUF employs donative documents for every account that holds gift funds. These documents specify the donor intent governing how the funds may be invested, administered, and expended. Periodic audits provide feedback on compliance.	Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.
29	A charitable organization must provide donors with specific acknowledgments of charitable contributions, in accordance with IRS requirements, as well as information to facilitate the donors' compliance with tax law requirements.	<p>A receipt which complies with the Internal Revenue Code is provided to every donor for each gift received by the IUF. Receipts are generated once a week and mailed the week following gift processing.</p> <p>The IUF provides additional information and appropriate tax forms to donors of in-kind gifts.</p> <p>In accordance with IRS regulations, the donor is required to communicate the fair value of the donated property..</p>	Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.
30	A charitable organization should adopt clear policies, based on its specific exempt purpose, to determine whether accepting a gift would compromise its	The IUF has a Gift Acceptance policy which outlines the requirements for accepting any gift. The IUF Policy Committee reviews policies regularly to	Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.

	ethics, financial circumstances, program focus or other interests.	ensure they are current.	
31	A charitable organization should provide appropriate training and supervision of the people soliciting funds on its behalf to ensure that they understand their responsibilities and applicable federal, state and local laws, and do not employ techniques that are coercive, intimidating, or intended to harass potential donors.	The IUF employs multiple training methods to provide adequate and appropriate training to all staff. Specific fundraising training includes a four session Fundraising Basics class taught by IUF staff, training obtained from industry or professional associations such as CASE, and enrollment in the Fundraising School.	Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.
32	A charitable organization should not compensate internal or external fundraisers based on a commission or a percentage of the amount raised.	The IUF does not compensate any fundraiser based on a commission or a percentage of the amount raised. The IUF has implemented a policy of market-based pay in which each position has an identified market rate that the organization annually reviews. Changes to pay are based on that rate and approved as part of the annual budget by the Finance Committee of the board. In addition, any fundraisers who are disqualified persons as defined by the Internal Revenue Code have their compensation approved by the Executive Committee of the board prior to any changes. Outside professional fundraising consultants used by the IUF enter into a contractual relationship which clearly states roles, responsibilities, purpose, and compensation.	Management believes IUF to be in full compliance with this principle. No remediation deemed necessary.
33	A charitable organization should respect the privacy of individual donors and, except where disclosure is	The IUF has policies in place that require strict confidentiality and appropriate usage of donor information	The IUF should create and implement formal education and awareness programs regarding the responsibilities

	<p>required by law, should not sell or otherwise make available the names and contact information of its donors without providing them an opportunity at least once a year to opt out of the use of their names.</p>	<p>(biographical and giving history).</p> <p>The IUF and IU are collaborating on a data agreement to establish access and usage standards with regard to donor data. This agreement incorporates the use of trade secret designations for IUF data helping to ensure greater protection of donor data.</p>	<p>of all individuals who access donor data.</p> <p>Explore use of an annual opt out mechanism in which donors would be asked to allow/disallow disclosure of biographical and giving information.</p>
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