

FKCC FOUNDATION OPERATING PROCEDURES

I. Foundation Donations/Income

A. Administrative Guidelines

- 1) All contributions, both restricted and unrestricted, are the property of the FKCC Foundation. Any restrictions placed on donations will be included in the appropriate accounting procedures for the Foundation.
- 2) In order to establish an endowment account, the principal contribution fund must reach \$15,000 within a 12-month period. While all \$15,000 or higher pledge payments participate in the endowment pool for earnings and growth, the fund will not provide spendable income until the minimum endowment level of \$15,750 (\$15,000 plus 5% current spendable rate) is achieved. The Distribution Policy will become effective when the account reaches \$15,000 in donor contributions. Therefore, during this capital accumulation period, no spending from the account will occur. If the fund does not reach the required amounts within specified periods, the funds will be transferred to an established endowment fund as close to the original intent of the donor as possible and the name of the fund will be removed. If the donor elects to also provide start up funds to allow for immediate scholarships or program support, a separate restricted account will be established which earns interest and State Match. At the end of the next fiscal year any funds remaining in this account will be transferred to the donor's endowment account.
- 3) Any contributions or expenditures which would endanger the non-profit status of FKCC Foundation will administratively be refused. Any contributions in which control of investments or disbursements remains with the donor or are intended to be used for sole interests of the donor are to be refused.
- 4) Definition of Donor: The Donor shall be defined as the principal contributor to an account, and if the Donor is not known, alive, or available for communication with the Foundation, the Executive Director of the Foundation or his/her designee shall function as Donor for decisions about the account.
- 5) Deferred Gifts are defined as those donations to the Foundation which do not pass simply and quickly from the donor to the receiver, such as life insurance policies, trusts, pooled income funds, wills, bequests, etc.
- 6) Inactive Accounts are those for which there has been neither contribution nor award activity in the past five years. The Foundation will make all reasonable efforts to contact the donors of inactive accounts to stimulate additional contributions or awards. If the donor cannot be contacted to direct the use of the funds to a more active account, the Foundation will close the inactive account and transfer the balance to an established account as close to the original intent of the donor as possible. The same will be done with an inactive endowment account which will be closed and the balance transferred to the endowed general scholarship or program fund which most closely matches the original purpose of the account.
- 7) Gift Agreement: If a contributor to the Foundation wishes to establish a new account for a designated purpose, the Donor must complete a Gift Agreement Form and have it accepted by the Executive Director of the Foundation or designee. The following must be addressed in the agreement: name, purpose, criteria, schedule of payment, recognition, and College discretion.

B. Operational Procedures

- 1) Contributions: Contributions of money may be for immediate use in general support of Foundation endeavors, for specific use through donor-specified restrictions, or for endowment purposes. Pledges of contributions in future years will be accepted and acknowledged. Written acknowledgement is to be made to the donor within a week by the Foundation Executive Director and, as deemed appropriate, the President of the College. Significant contributions may also be recognized with a separate letter from the Foundation Board President or College President. Separate acknowledgement of IRS tax qualifying contributions should also be made as funds are received.
- 2) Interest and Investment Income: Interest and investment income will be calculated and prorated between endowed, restricted (non-endowed) and operational accounts on a monthly basis based on the average balance. Unless otherwise requested by the Executive Director, at fiscal year end accounts with less than \$500 will have those balances transferred to a scholarship or program fund most closely matching the original intent of the donor.
- 3) Income Reporting: The Foundation's receipts and disbursements journals are open to Foundation Board members at any time for their review. Confidentiality of donor activity limits public access to the journal.
- 4) Materials, Supplies and Equipment:
 - a) Persons contacting the Foundation with the offer to donate physical materials, supplies or equipment are processed as follows:
 - i. Donation Form for Non-Cash gifts will be completed to indicate the nature of gift and approximate value, need for transportation to College property, and other pertinent information as necessary for internal use.
 - ii. Appropriate College departments are to be consulted regarding potential use of donation.
 - iii. Donor is notified within a week of Foundation's acceptance or rejection of gift and arrangements are made for conveyance.
 - iv. Inventory of tangible assets of the Foundation will be maintained in the Foundation office.
 - b) In general, items for use in education programs should be given to the College. Items accepted by the Foundation for resale will be held by the Foundation for sale at the appropriate time.
 - c) A third party appraisal is required for all donations with an estimated value over \$5,000 and, at the Executive Director's discretion, for amounts less than \$5,000.
 - d) All donated items should be transferred to the College if they are to be used for educational programs. The Executive Director of the Foundation determines, on the basis of information gathered, the acceptability of donation and whether it will be donated "as is" to the College for use or whether ownership will be retained by the Foundation for resale or investment purposes. The Director also gives consideration to the liquidation value of the gift. See a sample Donation Form for Non-Cash Gifts.

5) Real Property or Services

- a) Persons contacting the Foundation with an offer to donate services, real property or securities are to be referred to the Executive Director. Information pertinent to the nature of the donation is collected, and a decision to accept is made by the Foundation Executive Director in conjunction with the Foundation Investment Policy.
- b) All real estate gifts should be accepted for specific use in an educational program or for management as an investment. An exception would be made if a land or property donation was made and an eventual FKCC expansion was anticipated.
- c) Third party appraisals for all real estate donations to the Foundation are required in order to ensure value is reported accurately.
- d) An environmental survey should be completed before accepting a land/property donation. Generally the donor will pay survey costs, but each case will be decided individually.
- e) Land/property donations in a location not readily available for inspection and maintenance (e.g. Alaska) may be declined.
- f) If rental property is donated, and accepted, the Foundation would secure the services of a property management company.

6) Securities

- a) Marketable securities accepted for donation are to be wired by the donor's broker or hand delivered by registered certified mail to the Foundation's account.
- b) Securities are to be sold at market value as soon as received and written confirmation from the Foundation's investment advisor will be sent to the Foundation within 1 business day. The Foundation will in turn send written confirmation to the donor within 2 business days. The cash proceeds from the transaction are then to be deposited or invested in an investment or temporary account per directions from the Foundation within the established Investment Policy.

C. Accounting Procedures

- 1) Accounts are to be maintained on a timely and accurate basis consistent with generally accepted National Association of College and University Business Officers (NACUBO) and Government Accounting Standards Board (GASB) principles. Contributions are to be accepted and classified according to IRS standards. Acknowledgement to donors will reflect tax deduction eligibility.
- 2) Funds are recorded according to donor specifications into one of three funds: Permanently Restricted, Restricted or Unrestricted. The Executive Director is responsible for discerning donor intent and responsible for identifying the appropriate fund to which donations are deposited. A written gift agreement is required for all endowed or named fund accounts. In the absence of any donor direction, the Executive Director will determine which fund is most appropriate. The Executive Director may also designate undirected contributions as deemed in the best interests of the Foundation.

- 3) The check register is to be made available as requested to Board Members.

II. Foundation Expenditures

A. Scholarships guidelines and procedures will be administered by the Executive Director of the Foundation.

- 1) Scholarships are to be awarded per the selection criteria determined by the Executive Director, taking into consideration the wishes of the donor, and disbursed through standard College financial aid disbursement methods. The Foundation will be billed for such disbursements and will first settle accounts with the College no later than 60 days after the first day of classes. The second settlement with the College will be no later than 30 days after the end of session for each term.
- 2) In the absence of eligible students for scholarships for which a Gift Agreement has been completed with the College Discretion clause, the Foundation Executive Director will utilize discretion as agreed with the donor and award the scholarship as close to the donor's original intent as possible.
- 3) In the absence of award criteria, scholarships will be awarded based on criteria established by the Foundation Executive Director. The award amounts will also be determined by the Foundation Executive Director.
- 4) The Foundation shall have a single scholarship application form that can be modified as needed. A second form will define criteria specific to the scholarship.

B. Program Support, Foundation Operations and Institutional Support

- 1) Program Support will be requested by the appropriate College administrator. The Foundation Executive Director may release Program funds to the College upon review that the proposed usage is consistent with account restrictions.
- 2) Foundation Operating Funds may be approved and expended by the Foundation Executive Director upon review that the proposed usage is consistent with the mission of the Foundation and is within the approved Budget. Such Budgets shall be submitted and approved by the Foundation Board of Directors per the By-Laws.
- 3) Institutional Support: Contributions may be made to other civic organizations after review and approval by the Executive Director that such contributions are over and above normal personal contribution levels and are required by the organization for a College administrator's membership to their leadership boards.

III. Fundraising

A. Policy Statement: The Foundation will engage in formal and organized fundraising activities to support the College's initiatives.

B. Administrative Guidelines

- 1) The Foundation will engage in fundraising activities including, but not limited to: annual fund drives, specific needs campaigns, capital campaigns, planned giving campaigns.

- 2) Fundraising activities of the Foundation should benefit the common good of the College and be based on the strategic initiatives of the College Board of Trustees and Administration.

C. Operational Procedures

- 1) Annual Employee Fund Drive: Contributions received from employees during the campaign may be a single contribution or a payroll deduction extending throughout the year. Employees may direct their contributions to a named fund or leave it unspecified. Unspecified contributions from the Annual Fund are to be deposited in the restricted General Scholarship Fund. Acknowledgement is made to donor upon receipt of form described above.
- 2) Specific Needs Campaigns: Contributions received for specific purposes are recorded toward a designated account to insure the integrity of the funds.
- 3) Capital Campaign: Contributions received for purposes of making major capital improvements to the College are retained in an account designated for that purpose. Investment of these funds during the length of the campaign is determined by the Investment Committee of the Board of Directors.
- 4) Planned Giving Campaign: Contributions received in a planned giving campaign may be made on a current or a deferred basis. The decision to retain or sell gifts of stocks, securities, land and real property is made by the Investment Committee of the Foundation Board of Directors. Gifts that are made on a deferred basis (the donor continues to derive some benefit from the gift during his lifetime) are administered by the Investment Committee. Tangible evidence of such gifts is held in the Foundation office, and permanent records are kept as part of the listing of assets.