

SOUTHWEST TENNESSEE COMMUNITY COLLEGE**SUBJECT:** Southwest Tennessee Community College Foundation**EFFECTIVE DATE:** July 1, 2000; Revised January 22, 2024**Purpose**

The purpose of this policy is to ensure that the relationship between Southwest Tennessee Community College (“Southwest” or “the College”) and the Southwest Tennessee Community College Foundation (“Foundation” or “the Foundation”) is clearly defined and set forth in a formal, written document that: (1) defines the legal authority and operating control of the College with respect to the Foundation; (2) describes the relationship between Southwest and the Foundation, as well as the extent of liability arising from the relationship; and (3) demonstrates that the fund-raising activities of the Foundation further the mission of the College.

Policy**I. Foundation**

For the purposes of this policy, the Foundation is a not-for-profit, tax-exempt corporation chartered within the State of Tennessee for the sole purpose of supporting and advancing Southwest’s mission and its programs.

II. General Statement

This policy is adopted pursuant to TCA §49-7-107 and §49-11-402 (4), which allows the Tennessee Board of Regents (“TBR”) to approve the establishment of foundations. Southwest recognizes the value of its Foundation to the overall development of its College programs. The Foundation provides a direct means for individuals to participate in the generation and management of contributions for the benefit of the College.

III. Relationship

The Foundation is not an operational element of the College but rather it is a separate legal entity financially supported by private donations. Its identity must be maintained separate from the College.

The Foundation’s relationship with the College is based on a shared interest in the development and success of Southwest’s mission. Institutional participation in and guidance of Foundation operations are, therefore, desirable and appropriate.


The College, Foundation, and TBR share a common concern regarding accountability related to the Foundation. The College may not promote, encourage, or agree to use the Foundation in any way that is, or appears to be, abusive, inappropriate, or does not follow sound business practice.

IV. Provisions

1. The Foundation's charter is a written document that defines its relationship with the College. It states the services that will be provided and the respective responsibilities.
2. Southwest's President or designee will hold a voting membership on the Foundation's Board of Trustees. To ensure that the Foundation acts as a separate entity, a quorum of its governing body may not consist of a majority of members who are employed by the College.
3. The Foundation shall adopt an annual budget. To ensure that the Foundation's objectives align to those of Southwest, the College shall advise the Foundation of its needs and priorities each fiscal year.
4. The Foundation shall develop policies and procedures concerning its operations, including, but not limited to:
 - a. Policies that address the solicitation and acceptance of contributions to the Foundation. The policies must incorporate sound business principles and safeguard compliance with donor intent and conditions. Such policies shall provide that, prior to acceptance of any gift to the Foundation that will require substantial College support such as staff, financial assistance, storage, on-going maintenance, etc., approval must be obtained from the College President and, if applicable, from the Chancellor pursuant to TBR Policy [4.01.00.07](#).
 - b. Policies and procedures that address the management and investment of contributions to the Foundation subject to the requirements of the Uniform Prudent Management of Institutional Funds Act, T.C.A. § 35-10-201 et seq.
 - c. Policies and procedures that address the Foundation's procurement and contracting activities.
 1. These policies and procedures must implement sound business practices and prudent use of Foundation funds, including encouragement of the use of competitive procurement of goods and services, when practicable.
 2. Such policies and procedures must include a process for determining authority for authorizing contracts on behalf of the Foundation and for authorizing expenditure of Foundation funds. Authority for these functions cannot be delegated solely to a College employee.
 - d. Policies that, in accordance with T.C.A. § 49-7-107(c), establish and adopt a code of ethics that apply to and govern the conduct of all members of the Foundation's governing body. Such policies shall require that members review and acknowledge the code of ethics annually.
 - e. Policies that identify who may release the Foundation's records upon receipt of a request.
5. No Southwest funds, including contributions to the College, may be transferred directly or indirectly to the Foundation. This shall not prohibit the College from providing to the Foundation in-kind services such as office space and the use of support staff. It is understood that instances may occur where a donor inadvertently directs a contribution to the College that is intended for the Foundation. Procedures shall be established to clarify the donor's intent and redirection of the funds to the correct account.
6. The Foundation shall respect Southwest and TBR authority over personnel administration. Foundation expenditures for compensation and other payments to or for the benefit of Southwest personnel and reportable as income to the recipient, such as salary, expense accounts, automobiles, club, or other organization memberships and dues, etc., must be approved in advance, annually, by the College's President, unless the salaries funded by the Foundation are in accordance with the College's compensation plan and included in the College's personnel budget. Advance approval of the Chancellor is necessary if

payments outside the College's compensation plan are made to or for the benefit of any Southwest employee, including the President, and if the aggregate value of such payments to any individual College employee exceeds fifteen hundred dollars (\$1,500) per fiscal year. This provision does not apply to reimbursement of business expenses incurred by Southwest employees or to non-taxable recognition awards given to College employees.

7. Foundation records and accounts will be maintained by the College, however, they will be maintained separate from College records and accounts and be shown as an agency fund of the College.
8. The Foundation board body shall issue reports, at least annually, on the activities of the Foundation, which shall be submitted to the College President. Also, an annual financial report shall be issued, prepared in accordance with generally accepted accounting principles, including all required note disclosures.
9. In accordance with T.C.A. § 49-7-107(b), all annual reports, books of account, and financial records of the Foundation shall be subject to audit by the comptroller of the Treasury of the State of Tennessee. Records and accounts maintained by the Foundation shall be audited on the same cycle as the College's audit performed by the comptroller, or, with the prior approval of the comptroller, an independent public accountant may perform the audit. The contract between the independent public accountant and the Foundation shall be approved in advance by TBR and the comptroller and shall be on forms prescribed by the comptroller. All annual reports, books of account, and financial records of the Foundation shall be available for audit by the internal auditor for the College or TBR.
10. The initial Foundation charter and by-laws were submitted to the College President and Chancellor. Subsequent amendments to be filed with the Secretary of State must be submitted by the College's President to the Chancellor for review.
11. The Chancellor shall have the authority to grant exceptions to this policy when deemed appropriate and necessary. An exception must be requested and granted in writing.

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| <p>Source of Policy: <u>Chief Financial Officer</u></p> <p>Related Policy: <u>4:01:04:00/16; 4:01:04:01/29</u> <u>4:07:00:00/27; 4:01:04:03/31</u></p> <p>Approved: <u></u> President</p> | <p>Responsible Administrator: <u>AVP of Inst Adv & Resource Dev</u></p> <p>TBR Policy Reference: <u>4.01.07.02, 4.01.00.01</u></p> <p>Date: <u>January 22, 2024</u></p> |
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