

04-12-00 Foundation

PURPOSE

The purpose of this policy is to assure that the relationship of the Nashville State Community College Foundation to the college is clearly defined and is set forth in a formal, written manner that (1) defines the legal authority and operating control of the institution with respect to the foundation; (2) describes the relationship of the foundation to the institution and the extent of any liability arising out of that relationship; and (3) demonstrates that the fund-raising activities of the foundation further the mission of the institution and are controlled by the President of Nashville State.

DEFINITIONS

Foundation. For purposes of this policy, a foundation is defined as a tax-exempt, not-for-profit corporation, chartered within the State of Tennessee for the sole purpose of supporting and advancing the mission of an institution.

POLICY/GUIDELINE

- I. The Nashville State Community College Foundation's Relationship to Nashville State:
 - A. The foundation is not an operational function of the institution; it is a separate legal entity. The foundation's identity must be maintained separate from the institution.
 - B. The foundation's relationship to the institution is based upon a shared interest in the institution's development and success of the institution's mission. Therefore, institutional participation in and support of foundation operations and activities are, therefore, appropriate and desirable.
 - C. The accountability of a foundation and of the institution as it relates to the foundation is a concern common to the foundation, the institution, and the Board. Institutions should not promote, encourage or agree to use of a foundation in ways that are, or appear to be, abusive, inappropriate, or do not follow sound business practices.
- II. General Requirements
 - A. The governance structure of a foundation must be determined by the foundation. To ensure an appropriate level of institutional participation in the foundation governance, the institution's president or designee should hold a voting membership on the foundation's governing body. In order 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 institution.

- B. The institution shall enter into a written agreement with any foundation(s) governed by this policy that documents their understanding of their relationship and describes their respective responsibilities. Every agreement must contain, at a minimum, the provisions of the standard agreement provided by the Tennessee Board of Regents.
- C. The foundation shall adopt an annual budget. In order to ensure that the foundation's objectives are aligned with those of the institution, the institution shall advise the foundation of its needs and priorities for the fiscal year in question.
- D. The foundation shall develop policies and procedures concerning its operations, including, but not limited to, the following:
 - 1. 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 institutional support such as staff, financial assistance, storage, on-going maintenance, etc., approval must be obtained from the president of the institution and, if applicable, from the Chancellor.
 - 2. 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.
 - 3. Policies and procedures that address the foundation's procurement and contracting activities.
 - a. Such policies and procedures shall implement sound business practices and prudent use of foundation funds, including encouragement of the use of competitive procurement of goods and services, when practicable.
 - b. 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 an employee of the institution.
 - 4. 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.
 - 5. Policies that identify who may release the foundation's records upon receipt of a request.

- E. No institutional funds, including contributions to the institution, may be transferred directly or indirectly to the foundation; provided, however, this shall not prohibit the institution from providing in-kind services to the foundation, 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 institution which is intended for the foundation. Procedures shall be established to clarify donor intent.
- F. Foundations must respect Board and institutional authority over personnel administration. Foundation expenditures for compensation and other payments to or for the benefit of institutional 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 institution president, unless the salaries funded by the foundation are in accordance with institution's compensation plan and included in the institution's personnel budget. Advance approval of the Chancellor shall be required if payments outside the institution's compensation plan are made to or for the benefit of any institutional employee, including the president, and if the aggregate value of such payments to any individual institutional employee exceeds fifteen hundred dollars (\$1,500) per fiscal year. This provision does not apply to reimbursement of business expenses incurred by institutional employees or to non-taxable recognition awards given to institutional employees.
- G. The foundation's governing body shall issue reports, at least annually, on the activities of the foundation, which shall be submitted to the president of the institution. An annual financial report shall be issued, prepared in accordance with generally accepted accounting principles, including all required note disclosures.
- H. 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 institutional audit performed by the Comptroller, or, with the prior approval of the Comptroller, an independent public accountant may perform such an audit. The contract between the independent public accountant and the foundation shall be approved in advance by the Board of Regents and the Comptroller and shall be on forms prescribed by the Comptroller. All annual reports, books of account and financial records of a foundation shall be available for audit by the internal auditors of the affiliated institution or the Tennessee Board of Regents.

- I. Copies of the initial and amended foundation charters and bylaws filed with the Secretary of State shall be submitted by the president of the institution to the Board of Regents' Office of General Counsel.
- J. 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

SOURCES

- SACSCOC Standard 5.3
- TBR Policy 4.01.07.02 Foundations

Approved by NSCC Cabinet 6/9/25