Administrative Costs Recovery Policy

Objective
An administrative costs recovery fee will be charged to Foundation accounts according to the type of account. Administrative costs are recovered for providing the following services:

- Accounts payable processing
- Accounts receivable processing
- Annual audit
- Annual State and Federal filing fees for non-profit organization
- Automated accounting
- Billing and collection services
- Cashiering
- Check preparation
- Contract preparation and review
- Expenditure controls (authorized purchase through purchase order control)
- Banking services
- General cash administration
- Insurance costs
- Legal services
- Monthly bank reconciliations
- Payroll/personnel administration
- Project management reports
- Risk management
- Staff support and accounting related matters
- Reporting to regulatory agencies (Chancellor's office, State of California, tax returns)

Exclusions
This policy does not apply to grant and contract accounts or internal transfers from accounts which have already met other administrative fee or overhead recovery requirements.

Campus Program Accounts
Campus program accounts are established for the support of a specific campus program or a department. Some examples of campus program accounts are: EOPS book fund, scholarship funds, campus beautification.

A fee of 4% of each transaction will be assessed and charged against the program account and will be reviewed annually.

Special Program and Equipment Accounts
Special program accounts are campus program accounts established to facilitate short term special programs or to purchase equipment only, and generally have few expenses. Administrative fees will be determined by the Foundation Executive Director on a case-by-case basis for special program accounts within the range of 4% to 8%, to be assessed on expenses.

Endowment Accounts
Endowment accounts are those accounts whose funds are restricted for expenditure either internally or externally by contractual obligation and are administered pursuant to the Foundation's Endowment and Investment Policies.

Updated
03/22/2011
Endowment funds are invested by the Foundation and earned income is distributed quarterly. The Foundation will assess an endowment management fee of 1.5% on the same basis as the endowment distribution is calculated. For example, if the distribution is equal to 2% of market value of the fund, the Foundation fee will be calculated at 27% of the 2% distribution which is the same ratio as 1.5/5.5. In this way the Foundation shares a reduction in revenues in a down market. The 1.5% fee will be assessed before distribution. For example if the endowment distribution was $3000, the fee would be calculated by multiplying the distribution by 27% (3,000 x .27 = 810). The distribution is calculated by subtracting the fee from the distribution (3,000 - 810 = 2,190). In this example $2,190 would be used for charitable purposes. This policy will be reviewed annually.

**Trusts and Planned Gifts**

Trustee's fees for investment portfolios managed by the MiraCosta College Foundation will be calculated on market value of the trust assets. An annual fee of 1.5% will be distributed to the MiraCosta College Foundation on January 1, based on the market value of the trust as of that date.

When the Foundation, as trustee or executor of a trust or will, is required to perform extraordinary services upon the death of a trustor/trustee or beneficiary, an additional fee of one percent 1% will be assessed on the market value of the trust assets to offset the cost of extra services.

All planned gifts received by the Foundation will be subject to a 5% gift fee. Fees assessed will be used by the Foundation to cultivate and solicit new gifts.

**Real Property Gifts**

A fee is charged for acceptance, sale and/or management of real property. The amount and type of fee is based on the circumstances of each property gift. The fee structure is similar to those of banks and trust companies providing services for the general public.

Supplemental fees are applicable where the Foundation is involved in toxic waste matters, repair/improvement supervision, prolonged negotiations, litigation, condemnation proceedings and any other consulting services. Hourly rates for the Executive Director and all other Foundation employees will be applied at prevailing hourly rate.

Actual costs for required outside professional services are charged directly to the project based on actual services performed.

**Capital Gifts**

Direct costs for Foundation services will be included in the Capital Project.

**Gifts - Other**

Gifts other than cash or securities which require extraordinary services will be analyzed on a case-by-case basis and may be subject to supplemental fees in order to recover from the cost of acceptance, sale, and/or management of such gifts. In such cases, the Executive Director will seek approval from the Finance/Operations Committee to assess supplemental fees.

*The Foundation will review the policy on an annual basis.*