

## ADMINISTRATIVE COSTS RECOVERY POLICY

### **Objective**

An administrative costs recovery fee will be charged to MiraCosta College Foundation accounts according to the type of account. Fees assessed will be used to support the Foundation's efforts to cultivate, solicit, and steward gifts and other sources of revenue.

### **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)

### **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% for each transaction will be assessed and charged against the program account.

Annual expendable scholarships, those given to be expended in the current year, are exempt from the 4% transaction fee. Donors to annual expendable scholarships will be asked to include an additional 4% to their donation for the purpose of covering costs incurred by the Foundation in the administration of their scholarship.

### **Special Program and Equipment Accounts**

Special program and equipment 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 Associate Vice President, Institutional Advancement on a case-by-case basis for special program accounts within the range of 4% to 8%, to be assessed based upon 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.

First time endowments are assessed a 3% fee upon arrival, then endowment funds are invested by the Foundation. The Foundation will assess an annualized endowment management fee of 1.5% calculated at the time the distribution is taken.

### **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.

### **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 Associate Vice President, Institutional Advancement 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.

## **Grants**

Requests for fees will be added to grant proposals unless specifically disallowed by the granting foundation, fund or corporation. Unless otherwise stated by the funder and where permitted, all grants will be assessed a 4% fee upon receipt of the grant in order to pay for administrative overhead related to processes associated with grant writing, stewardship, and reporting. Grants given directly to college departments will not be assessed a grant fee by the Foundation.

## **Gifts - Other**

Gifts other than cash or securities that 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 Associate Vice President, Institutional Advancement will seek approval from the Finance/Operations Committee to assess supplemental fees.

## **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.

## **Donor Notification**

Donors will receive credit for the full amount of their gifts. Gift receipts and stewardship reports will inform the donor that a portion of the gift received has been allocated to cover the cost of fundraising/administrative costs of the Foundation.

*The Foundation will review the policy every two years.*