

The Napa Valley College Foundation Sustainability Fee Policy

The Napa Valley College Foundation is an independent 501c3 nonprofit and supporting partner to Napa Valley College. As such, the Foundation not only provides more than \$200,000 per year for student scholarship programs, emergency funds, and other needs of the College and its students, it also saves the college money each year in operating expenses by raising its own operating budget. These operating funds allow the Foundation to raise and manage all resources with the highest level of efficiency, transparency, and accountability to our community of generous donors.

One of the goals of the Napa Valley College Foundation is to help Napa Valley College reach a higher level of excellence. To help achieve this goal, the Foundation will need to raise substantially more money from private sources, especially as the State of California and the Community College district continue to face revenue challenges. The Foundation continues to develop strategies to obtain increased funding from private sources including individuals, corporations, and foundations to invest in the College and its goals.

One important strategy for the operational sustainability of the Napa Valley College Foundation is the establishment of sustainability fees. Effective April 22, 2022, a gift sustainability fee policy was approved by the Napa Valley College Foundation Board of Directors, as part of the funding strategy designed to build capacity for increasing private donations to Napa Valley College through the Napa Valley College Foundation.

Most college and university foundations include a gift assessment fee over and above indirect costs. Grant-making associations, corporations, and foundations have been very supportive of this action as they consider this practice an investment in the future advancement and development efforts of the organization.

The sustainability fee is used to pay expenses associated with fundraising activities, creating and administering funds, gift processing and acknowledgment requirements, expenses associated with communications with persons or entities for the purpose of fund management, donor stewardship and fees incurred during the course of transactions involving fund assets and the cost of administrative oversight. Additionally, the fees help to underwrite the expense of community engagement activities, special events, and administration of new College programs.

The policy maintains the following guidelines:

- **Unrestricted gifts to the Foundation will not be assessed a sustainability fee.**
- **Restricted or temporarily restricted gifts will be assessed a one-time 4% sustainability fee, including gifts for capital improvements at the College and scholarships.**

- **The Foundation shall assess an annual fee of 1.5% on all invested assets based on their pro-rata share of the total fund.**
- **Donors will be notified that a portion of the gift received has been allocated to cover the cost of fundraising.**
- **Donors will receive credit for the full amount of their gifts.**
- **For gifts and grants from non-profit foundations and corporations, the assessment fee applies only to foundation and corporate philanthropic grants and must be added to the proposal.**
- **If a gift is made by a private foundation that has a written policy stating it will not pay gift fees, the Foundation will waive the fee.**

These guidelines serve to ensure that funds are used specifically to support College and Foundation fundraising initiatives and activities, and to represent the gift assessment policy to donors.

Any questions regarding this gift sustainability fee policy can be directed to Jessica Thomason, Executive Director of the Napa Valley College Foundation at (707) 230-8078

POLICY ON THE ASSESSMENT FEE ON GIFTS AND NON-GOVERNMENTAL GRANTS TO THE NAPA VALLEY COLLEGE AND THE NAPA VALLEY COLLEGE FOUNDATION

Effective: April 27, 2022

I. PURPOSE/SCOPE

The Napa Valley College Foundation continues to increase its commitment to the development efforts of Napa Valley College to meet increasing demands for private support to the College. The amount of private support to Napa Valley College has increased substantially due to the efforts of the Napa Valley College Foundation, and the benefits to the students and the College's academic programs are increasingly evident.

To recover a portion of the increasing costs of the private fundraising efforts at Napa Valley College, and to grow the Foundation's sustainability in its capacity as a supporting organization to the College, an administrative sustainability fee will be assessed on all gifts and non-governmental grants to the Napa Valley College Foundation.

Fundraising expenses at the Foundation include not only the direct costs of soliciting contributions by staff and other campus representatives, but also all processing, disbursement, and accounting of gift funds.

The fee percentage may be reviewed and revised periodically. The options for methods of payment of the fee are described below.

II. POLICY STATEMENT

Effective April 27, 2022, an administrative sustainability fee of 4% will be assessed on all restricted, temporarily restricted (i.e. pass throughs), and non-governmental grants (see exemptions below) and pledge payments, made to the Napa Valley College Foundation. The purpose of the fee is to strengthen the development program, partially defray administrative costs, and grow the sustainability of the Foundation. The fee percentage may be reviewed annually. The options and methods of payment of the fee are described below.

All gifts and payments received after April 27, 2022, along with grants awarded from non-governmental sponsors for proposals submitted after April 27, 2022, are subject to the gift fee.

Policy

- Unrestricted gifts to the Foundation will not be assessed a sustainability fee.
- Restricted or temporarily restricted gifts will be assessed a one-time 4% sustainability fee, including gifts for capital improvements at the College and scholarships.
- The Foundation shall assess an annual fee of 1.5% on all invested assets based on their pro rata share of the total fund.
- 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.
- Donors will receive credit for the full amount of their gifts.

- Deferred gifts, such as charitable gift annuities, trusts and bequests will be assessed only at the time they are realized.
- For gifts and grants from non-profit foundations and corporations, the assessment fee applies only to foundation and corporate philanthropic grants and must be added to the proposal after the direct and indirect Facilities and Administrative (F & A) costs have been applied.
- If a gift is made by a private foundation that has a written policy stating it will not pay gift fees, the Foundation will waive the fee.
- If the assessment fee is not allowed by the sponsor, but F & A is, the fee will be deducted from the F & A granted in the award.
- If the F & A awarded is less than the assessment fee due, the entire F & A will be distributed to the Foundation and the assessment fee will be considered paid in full for that grant.

Exemptions

Fees will not be assessed on:

- Documented gift agreements, including documented pledges, executed prior to April 27, 2022.
- Non-cash gifts (gifts-in-kind) made to the Foundation that are to become inventoried useable assets of the Foundation and/or the College.
- Membership fees
- Cost sharing

III. DEFINITIONS

Current use fund: a fund established to receive and expend gifts intended by the donor to be used for current purposes or programs; a fund that is not an endowment.

Endowed fund: a fund established to receive and invest gifts intended by the donor to be used for restricted purposes or programs; an endowed fund

protects the gift in perpetuity by responsibly investing the principal and distributing an annual payout realized from a portion of the investment income allowing the fund's real value to increase over time. If the fund is to be endowed, it must be accompanied by a legal document outlining its purpose.

Gift: the charitable and irrevocable transfer of money or property that is voluntary and motivated by something other than consideration or expectation of financial return or contractual obligation.

Gift-in-kind: the charitable and irrevocable transfer of property or service that is voluntary and motivated by something other than consideration or expectation of financial return or contractual obligation.

Grant: generally, a grant can have some or all of the following characteristics: a provision for audits by or on behalf of the grantor; grantor is entitled to receive some consideration such as a detailed technical report of any research results or a report of expenditures, a specified period of performance is prescribed or termination is at the discretion of the grantor, funds that are unexpended at end of period shall be returned to the grantor, patent or licensing rights are requested by the grantor.

Pledge: the promise of a gift made legally binding by a signed agreement.

Principal: the actual amount of the gift; often referred to as "corpus" of an endowment.

IV. PROCEDURE DETAILS

A. Methods of Payment

Fees from the gift principal for all individual gifts to endowments and to current use funds will be deducted at the time the gift is transferred to the College. Donors may elect to provide for the fee by making an additional gift equivalent to the fee. All endowment management fees will be incurred quarterly.

B. Disclosure to Donors

Disclosure of the fee policy is made to donors on all gift receipts. Additionally, written, or oral disclosure of the fee to donors is encouraged at the time of solicitation. Fee information should be included in any proposals or gift documents issued to prospective donors. Appropriate disclosure language for fund raising literature or letters of gift purposes is as follows:

“A portion of all donations will be used to further advancement efforts on behalf of Napa Valley College.”

C. Responsibilities

Napa Valley College Foundation

- a) Inform potential donors of the fee via solicitation materials or in personal discussion.
- b) Issue gift receipts with the statement informing donors of the fee policy.
- c) Utilize the revenues generated by the fee to provide enhanced services and additional fundraising resources to Napa Valley College.
- d) Process all gifts in accordance with Foundation policies and procedures.

V. APPLICABILITY AND AUTHORITY

The Board of Directors of the Napa Valley College Foundation have approved this policy and delegate responsibility for administration and adherence to the Foundation’s Executive Director. Periodic review and revision of fee percentage or other administrative changes are subject to approval by the Foundation’s Board of Directors.

Adopted by the Board of Directors: April 27, 2022