

HCC Foundation Affinity Groups Policy

The purpose of this policy is to define an HCC Foundation Affinity Group, to outline the services that the Foundation will offer to Affinity Groups and the benefits and services provided by each Affinity Group to meet the mission of the Foundation, to define the process for approving new Affinity Groups and to provide guidelines for managing the relationship between the HCC Foundation and Affinity Groups.

Vision and Mission of the HCC Foundation

Vision

The HCC Foundation will serve as a philanthropic force supporting high quality educational experiences for HCC students of all backgrounds to help them improve the trajectory of their lives.

Mission

HCC Foundation empowers HCC student success through philanthropic support, aligned with key HCC institutional initiatives.

Affinity Group Definition

HCC Foundation Affinity Groups (“AGs”) are groups of HCC staff and interested volunteers (collectively, “Volunteers”) that, as a component of their mission, raise funds for scholarships and other purposes that are compatible with the Foundation’s mission, but which are outside the governance of HCC.

Affinity Group Benefits

AGs are beneficial to the Foundation’s mission by accessing support among communities that the Foundation would not ordinarily reach, thereby raising more funds to support HCC and its students. The Foundation is beneficial to the AG’s missions by providing accounting and investment administrative services as well as special event budgeting and fundraising advice. It is a mutually beneficial relationship and as a result, the Foundation provides support for the AGs as defined herein. However, the fundraising efforts of AGs must be volunteer-driven, as the Foundation’s role is managerial and advisory in nature.

Affinity Groups Governance

Once a MOU is executed, the AG will be a sub-committee of the Foundation Fundraising Committee under the governance of the Foundation and report to the Foundation Fundraising Committee Chair or designee.

HCC Foundation Services Provided to Affinity Groups

HCC Foundation will support its AGs in the following ways:

- a) The HCC Foundation is the legal entity that HCCS established in 1976 to raise and steward donations from private sources. The HCC Foundation is an IRS 501(c)(3) and a 509(a)(1) and 170(b)(1)(A)(vi) - Private Foundation which raises funds from private sources to support the related institution.
- b) The Foundation provides to donors, for AG fundraising efforts, gift acknowledgements and tax receipt letters. The Foundation honors donor intent so that all donations are utilized as specified by the donor. Gifts to the Foundation are governed by the Foundation policies, in particular the Foundation Gift Acceptance policy. The Foundation may refuse any gift whose designation is not aligned to the Foundation mission and not in accordance with the Foundation Gift Acceptance policy.
- c) The Foundation provides administrative accounting services for the AG. It maintains an operating account, used for depositing funds raised by the AG and writing checks for approved expenditures on behalf of the group. AGs have access to such operating funds provided they are spent in a manner consistent with the Foundation's mission and donor intent.
- d) All funds expended by AGs are to be consistent with the mission of the Foundation. AGs must properly document justification for all requests for expenditures by the Foundation, and AGs must meet additional reasonable administrative accounting demands of the Foundation to support and process expenditures. Requests to disburse AG funds in any manner contrary to the mission of the Foundation will not be honored.
- e) Through a professional money manager, the Foundation also invests money held in scholarship funds and assigns investment income to **endowed** scholarship accounts as it is earned. Money management and income assignment is the sole responsibility of the Foundation.
- f) The Foundation is the signatory to agreements for fundraising activities thereby obligating the Foundation to the terms and conditions of the agreement. The Foundation President and/or Board Chair will sign agreements for approved fundraising events if and only if there are funds in the AG's operating fund to cover the financial obligations of the agreement at the time of agreement signing. Only the Foundation President and Foundation Board Chair are authorized to sign agreements obligating the HCC Foundation for AG fundraising activities. Under no circumstances may the AG commit or obligate the Foundation.
- g) The Foundation provides general liability insurance coverage for AG events and fundraising activities. The insurance costs will be allocated annually to each AG operating fund.
- h) The Foundation will assist an AG in event budgeting and planning and the organization of its fundraising efforts. Annual fundraising plans and budgets are expected of the AG and are approved by the Foundation Board on the recommendation of the Foundation Board Fundraising Committee. The Foundation will not as a general rule raise the money for the AG (although it will if it has the occasional opportunity to do so), but it will help in the pre-planning of fundraising activities in order to assist the group in attaining fundraising success.
- i) The Foundation will typically advise an AG to retain an Event Planner to support the logistical planning and event-day activities associated with fundraising events. The cost of such an Event Planner will be charged against the account of the event, and will be discussed with the AG prior to making a commitment to retain the Event Planner. Should the AG elect NOT to retain an Event Planner, the Foundation Staff WILL NOT serve in the event planner capacity. The Foundation highly recommends that each AG considers the benefits of having an experienced Event Planner.

- j) Foundation donors are stewarded and recognized through various events, giving societies, and communications. Gifts received are cumulated annually, based on Foundation's fiscal year (September 1 – August 31), to determine donor recognition levels. Gifts from donors for AG fundraising activities are included in Foundation donor stewardship and recognition efforts. All AG donors, whose gifts are processed through the Foundation, are Foundation donors and only donors can specify anonymity or "do not contact" instructions.
- k) The Foundation will put into action the criteria reasonably established by the AG with the assistance from the Foundation, for scholarship selection. The Foundation will provide to the leadership of the AG the names and contact information of students who receive scholarships from funds raised by the AG. The AG can engage such students in fundraising activities of the AG, provided that student engagement must be on a voluntary basis.
- l) The funds of the Foundation, whether unrestricted or not, shall ONLY be committed to or advanced for the activities of the AG with the express approval of the Foundation board which will be given at the sole discretion of the Foundation board.

Service Provided by Affinity Groups to the HCC Foundation

The AG understands that, to avail itself of such services provided by the Foundation and to be designated as an Affinity Group of the HCC Foundation, it has certain corresponding obligations to the HCC Foundation, to include:

- a) Adherence to the Foundation's mission as it relates to the use of AG operating funds.
- b) HCC employees on AG committees are volunteers and should have supervisor permission to participate and agree that the work of the HCC employees on AG committees should not interfere with the employees' regular work.
- c) The AG shall contribute at least \$15,000 per year to the Foundation for funding the AG's scholarship fund or for other purposes consistent with the Foundation's mission. If an AG does not contribute the minimum funding to the Foundation two years in a row, then the Foundation may terminate the MOU with that AG.
- d) Provide (and present) a fundraising plan and budget a minimum of 120 days prior to event date to the HCC Foundation Fund Raising Committee for approval.
- e) Coordination of fundraising event timing with HCCS and HCC Foundation.
- f) Participation, in a reasonable manner, in the Foundation's annual scholarship reception and donor stewardship process.
- g) Reasonable diligence in avoiding major fundraising conflicts.

Fundraising Conflicts

Fundraising conflicts are a natural and unavoidable consequence of having various groups of well-intentioned volunteer-led fundraising efforts. These conflicts cannot be entirely eliminated without consolidating all fundraising under one unified process, which is impracticable given the nature of volunteers and counterproductive to the mission of the Foundation.

The probability that such conflicts create problems among the various HCC Foundation fundraising efforts can be minimized by following these guidelines:

- AGs will submit for review and approval to the Foundation Board Fundraising Committee its fundraising plan and budget in THIS fiscal year for NEXT fiscal year implementation.
- Included in the AG's fundraising plan is the identification of prospective donors:
 - Event Presenting Sponsors,
 - Event Co-Underwriters, and
 - Sponsors at the level of \$5,000 and higher
- The Foundation President or designee will determine whether such prospective Presenting Sponsors, Co-Underwriters, and Sponsors of \$5,000 or higher have existing engagement with the Foundation or the College through another giving program or special event.
- The Foundation President or designee will coordinate with AG regarding event timing and prospective donor conflicts.
- If conflicts arise that cannot be easily resolved through application of the above guidelines, the matter will be referred from Fundraising Committee, who shall make a recommendation to the Foundation Board, whose decision will be final.

Process for Approval of Affinity Groups as HCC Foundation Sub-Committee

HCC Foundation President and/or designee will recommend the establishment of an AG as a sub-committee to the Fundraising Committee of the HCC Foundation Board of Directors. The Fundraising Committee will assess the fundraising potential of the AG relative to the effort that will be expended by the Foundation staff, and will make a recommendation to the HCC Foundation Board of Directors for approval. In deciding whether or not to approve a new AG, the Board of Directors will take into consideration the involvement of HCC Trustees, the Chancellor and high-level management of the College in the operations and activities of the AG, as well as the revenue potential of the AG. As a general rule, the Foundation expects Affinity Groups to show the capacity to distribute at least \$15,000 per year (i.e., net of expenses and any reserves needed for future fundraising activities) in support of the Foundation's mission. Each approved AG is a separate sub-committee of the HCC Foundation Board Fundraising committee. The AG chair reports to the President of the HCC Foundation or designee and the Chair of the Fund-Raising Committee. Notwithstanding the foregoing, the Board of Directors of the Foundation has sole discretion on whether an Affinity Group is approved as a sub-committee of the HCC Foundation Fundraising Committee and its determination shall be final and non-appealable. The Foundation will not enter into any support agreements with HCC groups without the approval of the Foundation Board of Directors.

Memorandum of Understanding between HCCF and Affinity Group

Each AG relationship will be documented by a Memorandum of Understanding (MOU) between the Foundation and the AG. The MOU must be signed by the Foundation's Board Chair and the highest-ranking member of the AG (typically, a Committee Chairman). The AG MOU will take a form substantially similar to the form attached hereto as Exhibit A. Affinity Group MOUs will have durations not to exceed 5 years, and cannot be renewed without the consent of the Foundation.

Review of Continued Support for Affinity Groups

It is the Foundation's goal to consistently meet its support obligations to AGs. However, this support is not assured in perpetuity without a continuation of beneficial fundraising support from the AG. Accordingly, if an AG fails to distribute \$15,000 (as defined as the net proceeds for fundraising events) and additional direct contributions (net of expenses) per year for purposes in support of the Foundation's mission in any two consecutive years, the Fundraising Committee of the Board will commence a review of the appropriateness of continued support by the Foundation.