



MENDOCINO COLLEGE
Foundation

POLICY No. 4.0

Mendocino College Foundation, Inc.

Financial Controls Policy

(Financial Controls Procedures adopted April 17, 2012)

Purpose:

The primary purpose of the Financial Controls Policy is to establish proper fiscal control guidelines to ensure the integrity and transparency of the Mendocino College Foundation, Inc. and all of its Affiliate organizations' financial transactions:

1. Budgeting process
2. Cash handling and receipt of incoming revenues
3. Handling and disbursement of outgoing expenditures
4. Control functions of the Finance Committee
5. Establishment and control of any Foundation bank accounts
6. Performance of annual independent audits and required government reporting

This information is intended for the use of the Mendocino College Foundation Board of Directors, Finance, other Committees, Affiliate organizations and staff; the Mendocino College staff; and any Financial Service Providers that may be hired and to inform the donor community at large.

General Financial Control Principles:

All Foundation financial transactions shall be handled pursuant to Mendocino College district policies, procedures and administrative regulations.

Budgeting Policy:

It is the goal of the Mendocino College Foundation to annually distribute a percentage (or in some cases, a fixed amount) of their assets as noted in the Foundation's Investment and Distribution Policy No. 1.0.

Adopted: 7/25/12 – Finance Committee

Ratified: 8/7/12 – Board of Directors

Revised: 1/21/20 – Finance Committee

Ratified: 4/15/20 – Board of Directors

As soon as Strategic Plan goals for spending for the subsequent fiscal year are set by the Board, the Finance Committee working with the Executive Director will establish a draft detailed Foundation Budget in compliance with these Distribution Policies for the Board to consider and approve before the start of the new fiscal year.

Foundation Affiliates will likewise submit annual budgets for Board review and approval.

Revenues and Disbursements:

The Executive Director, working in conjunction with the Finance Chair and the Director of Fiscal Services, will recommend when, in what amounts, and into or from which investment vehicles funds will be transferred between the investment accounts and the College's account, as well as distribution of any revenue or refunds to the appropriate Foundation investment accounts with a letter of instruction.

Finance Committee Controls:

The Finance Committee acting with approval from the Board of Directors of the Foundation is authorized to:

- a) Establish procedures and guidelines for the receipt, handling, and disbursement of funds in accord with this policy; subject to approval by the Board of Directors.
- b) Recommend the appropriate banking arrangements for the Foundation's liquid assets.
- c) Establish a system for budgeting and monitoring the control of these assets, and review the performance of those responsible for the handling of these assets (Foundation Operations Manual and Investment and Distribution Policy).
- d) Establish well defined responsibilities to delegate to officers and staff for the control of these assets.

Report the Foundation's fiscal activities and results to the Foundation Board of Directors on at least a quarterly basis.

Bank Accounts:

The Board of Directors may authorize by formal resolution the establishment and rules for use of bank accounts at one or more Financial Institutions for its liquid assets. Procedures for handling of investment assets are covered in the Foundation's Investment and Distribution Policy.

Funds shall be held in accounts in the name of Mendocino College and/or Mendocino College Foundation, Inc.

Annual Independent Audit and Required Government Reporting:

Adopted: 7/25/12 – Finance Committee

Ratified: 8/7/12 – Board of Directors

Revised: 1/21/20 – Finance Committee

Ratified: 4/15/20 – Board of Directors

In conjunction with the College an annual audit of the Foundation's finances will be conducted after the end of each fiscal year by an independent auditor appointed by the Mendocino College Board of Trustees. The auditor will also prepare all required government tax returns for signature and filing by the Foundation Treasurer.

The results of this audit will be reported to the Foundation's Board when complete, and the Audit Report and the tax returns will be available in the Foundation's office for review by the public upon request.

Adopted: 7/25/12 – Finance Committee
Ratified: 8/7/12 – Board of Directors
Revised: 1/21/20 – Finance Committee
Ratified: 4/15/20 – Board of Directors

Fiduciary Standards/Conflict of Interest:

The Foundation Board of Directors, officers, committee members, Governing Council members of Affiliate organizations and staff all serve the educational and public purposes to which the Foundation is dedicated. Accordingly, all such members of the Foundation (Members) have a clear obligation to conduct the affairs of the Foundation in a manner consistent with those purposes and to make all decisions solely on the basis of a desire to promote the best interests of the College and the Foundation.

Further, to avoid any possibility of conflicts of interest, Members, Financial Service Providers, Investment Consultants and Investment Managers shall immediately disclose to the President of the Foundation, at the time of its discussion of the policy or of matters related to the handling and investment of Foundation funds, any actual or perceived conflict of interest that could be reasonably expected to impair, or could be reasonably interpreted as impairing, his or her ability to render unbiased and objective advice to fulfill his or her fiduciary responsibility to act in the best interests of the Foundation. This provision shall not preclude the payment of ordinary fees and expenses to the Foundation's Financial Service Providers, Investment Counselors or Investment Managers in the course of their services on behalf of the Foundation.

A Member is considered to have a conflict of interest when he or she or any of his or her family or associates (to his or her present knowledge) either (1) has an existing or potential financial or other material interest which impairs or might appear to impair the individual's independence and objectivity of judgment in the discharge of responsibilities to the Foundation, or (2) may receive a financial or other material benefit from knowledge of information confidential to the Foundation.

The family of an individual includes his or her spouse, parents, siblings, children and any other blood relative if the latter resides in the same household. An Associate of an individual includes any person, trust, organization or enterprise (of a business nature or otherwise) with respect to which the individual or any member of his or her family (1) is a director, officer, employee, member, partner or trustee, or (2) has a significant financial interest or any other interest which enables him or her to exercise control or significantly influence policy.

No Member who has or is required to make a disclosure as contemplated in this Policy shall participate in any discussion, decision or vote relating to any proposed investment or transaction in respect of which he or she has made or is required to make a disclosure, unless otherwise determined permissible by the President of the Foundation.

Adopted: 7/25/12 – Finance Committee

Ratified: 8/7/12 – Board of Directors

Revised: 1/21/20 – Finance Committee

Ratified: 4/15/20 – Board of Directors