



Fund Creation Policy

Purpose

This policy outlines the standards and procedures for establishing named funds within the Bakersfield College Foundation, which supports the mission of Bakersfield College, a California Community College. The policy ensures consistency, transparency, and compliance with applicable legal and fiduciary responsibilities.

Mission Alignment

The Foundation will create new funds that align with the mission of the Foundation and Bakersfield College, contribute to student success, faculty and staff development, college programs, or capital improvements while complying with applicable law. The Foundation's priority is to ensure that the use of all gifts meets the donor's intent.

1. Authority and Oversight

All funds established within the Foundation must be approved by the Foundation's Executive Director, in consultation with the College President and must be documented through a signed Gift and Fund Establishment Agreement between the donor(s) and the Foundation. All funds must align with the Foundation's mission and comply with applicable laws, IRS regulations, and Foundation policies.

2. Types of Funds

Expendable Trust Fund:

A current-use fund intended to be spent in full, typically within a defined period or until funds are exhausted. May be funded with one-time or recurring gifts. Minimum to establish: \$300. Fund balance must remain above \$300 to remain active.

Expendable Quasi-Endowed Fund:

A fund treated similarly to an endowment for internal purposes, with a longer-term view, but without restrictions on principal. Distributions may occur from both earnings and principal as needed. Minimum to establish: \$3,000. Fund balance must remain above \$1,000 to remain active.

Endowed Fund:

A permanent fund where the principal is invested, and only the annual earnings (per the Foundation's spending policy) are used to support the designated purpose. Minimum to establish: \$10,000.

Partial contributions toward an Endowed Fund may be held in a holding account until the minimum threshold is reached. If the threshold is not met within the agreed-upon timeline, up to 5 years, the Foundation may convert the fund to a Quasi-Endowed or Expendable Trust Fund, based on donor intent and Foundation policy.

4. Fund Agreement

All new funds require a Gift and Fund Establishment Agreement that includes:

- Donor name and contact information
- Fund name and purpose
- Type of fund (Expendable Trust, Expendable Quasi-Endowed, or Endowed)
- Contribution amount (and payment schedule, if appropriate)
- Eligibility and selection criteria (if for scholarships)
- Donor recognition preferences (e.g. public recognition)
- Donor preferences for fund updates
- Use of funds and modification clause
- Acknowledgment of the finality of the gift

5. Use and Stewardship of Funds

The Foundation will steward all funds in accordance with donor intent, applicable laws, and its internal investment and administrative policies. Annual fund reports will be provided to donors for endowed and quasi-endowed funds, typically each fiscal year or upon request. Funds that have a zero balance are subject to closure. Funds that do not have any activity for 24 months are subject to closure, and any remaining funds will be transferred to the general fund without restriction.

6. Modifications to Fund Purpose

If the original purpose of a fund becomes impractical or obsolete, the Foundation reserves the right to modify the fund's purpose in consultation with the donor (if possible), in a manner consistent with the donor's intent and California state law.

7. Finality of Gifts

All gifts to the Foundation are irrevocable and non-refundable once accepted. This is in accordance with IRS regulations, nonprofit accounting standards, and the Foundation's Gift Acceptance Policy.

8. Recognition

Donors establishing funds will be recognized in accordance with their preferences and the Foundation's donor recognition guidelines.

8. Policy Review

This policy will be reviewed at least every three years by the Foundation's Board of Directors and updated as needed to reflect changes in law, best practices, or organizational priorities.

Approved by the Board of Directors on: August 21, 2025