

5.3c

Institution-Related Entities: Control of Fund-raising Activities

For any entity organized separately from the institution and formed primarily for the purpose of supporting the institution or its programs:

- c. The institution demonstrates that (1) the chief executive officer control any fund-raising activities of that entity, or (2) the fund-raising activities of that entity are defined in a formal, written manner which assures that those activities further the mission of the institution.

Judgment

Compliant Non-Compliant Not Applicable

SACSCOC Reviewer Comments

Non-Compliance

The institution has authorized six independent, separately incorporated entities formed primarily for the purpose of supporting the institution and its programs. These entities are:

- the University of South Carolina Educational Foundation;
- the University of South Carolina Development Foundation;
- the University of South Carolina Business Partnership Foundation;
- The South Carolina Research Foundation;
- The Educational Foundation of the University of South Carolina Lancaster; and
- The University of South Carolina Alumni Association.

The relationship between the University of South Carolina and each Foundation is defined by a written affiliation agreement ("Affiliation Agreement") approved by the University of South Carolina Board of Trustees ("Board of Trustees") and the Support Foundation's Board of Directors or Trustees. The institution provided, and the Committee reviewed, the Affiliation Agreements for the six foundations. The Affiliation Agreements are reviewed and updated periodically; most recently, the Affiliation Agreements for the University of South Carolina Educational Foundation, the University of South Carolina Development Foundation and the University of South Carolina Business Partnership Foundation were reviewed and approved by the Board of Trustees on July 19, 2020, and the Affiliation Agreements for the South Carolina Research Foundation, the Educational Foundation of the University of South Carolina Lancaster, and the University of South Carolina Alumni Association were reviewed and approved by the Board of Trustees on August 14, 2020. As required by the South Carolina Nonprofit Corporation Act [See Section 33-31-101 et seq. of the South Carolina Code of Laws] pursuant to which each Support Foundation was created, each Support Foundation is governed by a Board of Directors or Trustees whose statutory and fiduciary duties require it to maintain separate and distinct corporate status from the institution and to act in the best interests of the foundation. Each Affiliation Agreement also recognizes that the primary purpose of the foundation is to support the mission of the institution.

The Affiliation Agreements articulate that the activities of each Support Foundation are independent of and do not create liability for the University of South Carolina. Each Affiliation Agreement provides:

Relationship of the Parties. Nothing in this Agreement shall be deemed to create a partnership or joint venture between the Parties, and each of the Parties is an independent contractor to the other Party in all matters

Limitation of Authority. Neither Party shall obligate the other Party, pursuant to contract or otherwise, without the express written consent of the other Party.

Further, each Affiliation Agreement contains a Limitation of Liability provision that protects the University of South Carolina from liability arising from the activities of the Support Foundation.

Some of the Affiliation Agreements, however, do not appear to address the fundraising activities of the entities, thus the Off-Site Reaffirmation Committee is unable to determine compliance with this Standard.

Campus Response

The off-site committee noted that although "each Affiliation Agreement also recognizes that the primary purpose of the foundation is to support the mission of the institution . . . some of the Affiliation Agreements, however, do not appear to address the fundraising activities of the entities, thus the Off-Site Reaffirmation Committee is unable to determine compliance with this Standard."

Because the specific agreements in deficiency were not indicated, language from each contract defining fund-raising activities of that entity are in a formal, written manner and assuring that those activities further the mission of the institution is included below for all six agreements. Please note that the agreements for the Alumni Association and South Carolina Research Foundation have been updated and are unsigned drafts; signed copies will be forwarded to the On-Site Reaffirmation Committee as soon as they become available.

University of South Carolina Educational Foundation (Document 01)

Article III, *Role of the Foundation*

Section 3.1 Role of the Foundation (Document 01, pages 2-3)

During the term and any renewal period of this Agreement, USC hereby acknowledges the role of the Foundation, and the Foundation hereby accepts its acknowledged role, to create an environment conducive to increasing levels of private support for the mission and priorities of USC, to receive, manage and administer certain private philanthropy for the benefit of USC as described herein, and to do and to undertake such other activities as contemplated herein. USC authorizes the Foundation to receive, directly and indirectly, gifts, grants, pledges, commitments, and other aid and support from donors and grantmakers for the benefit of and support of USC, its programs and mission. The Foundation will establish, adhere to, and periodically assess their gift acceptance and administrative policies. The Foundation will work with the USC Office of University Development (or its successor office) to acknowledge and issue promptly receipts for all gifts to the Foundation for the benefit of USC and provide appropriate recognition and stewardship of such gifts. The Foundation shall maintain and enforce policies to protect donor confidentiality. When contemplating a distribution of gift funds to USC, the Foundation will disclose any terms, conditions, or limitations imposed by the donor or legal determination of the gift.

University of South Carolina Development Foundation (Document 02)

Article III, *Role of the Foundation*

Section 3.1 Role of the Foundation (Document 02, pages 2-3)

During the term and any renewal period of this Agreement, USC hereby acknowledges the role of the Foundation, and the Foundation hereby accepts its acknowledged role, to obtain, acquire, receive, construct, erect, or otherwise provide real and personal property in accordance with the needs of USC for the benefit of USC as more fully described herein, to create an environment conducive to increasing levels of private support for the mission and priorities of USC, to receive, manage and administer certain real estate for the benefit of USC as described herein, and to do and to undertake such other activities as contemplated herein. USC authorizes the Foundation to receive, directly and indirectly, gifts, grants, pledges, or commitments of real estate and other aid and support from donors and grantmakers for the benefit of and support of USC, its programs and mission. The Foundation will establish, adhere to, and periodically assess their gift acceptance and administrative policies. The Foundation will work with the USC Office of University Development (or its successor office) to acknowledge and issue promptly receipts for all gifts of real estate to the Foundation for the benefit of USC and provide appropriate recognition and stewardship of such gifts. The Foundation shall maintain and enforce policies to protect donor confidentiality.

University of South Carolina Business Partnership Foundation (Document 03)

Article III, *Role of the Foundation*

Section 3.1 Role of the Foundation (Document 03, pages 2-3)

During the term and any renewal period of the Affiliation Agreement, USC hereby acknowledges the role of the Foundation, and the Foundation hereby accepts its acknowledged role, to create an environment conducive to increasing levels of private support for the mission and priorities of DMSB, to receive manage and administer certain private philanthropy for the benefit of DMSB as described herein, and to do and to undertake such other activities as contemplated herein. USC authorizes the Foundation to receive, directly and indirectly, gifts, grants, pledges, commitments, and other aid and support from donors and grantmakers for the benefit and support of DMSB, its programs and mission. The Foundation will establish, adhere to, and periodically assess their gift acceptance and administrative policies. The Foundation will work with USC and DMSB to acknowledge and issue promptly receipts for all gifts to the Foundation for the benefit of DMSB and provide appropriate recognition and stewardship of such gifts. The Foundation shall maintain and enforce policies to protect donor confidentiality. When contemplating a distribution of gift funds to DMSB, the Foundation will disclose terms, conditions, or limitations imposed by the donor or legal determination of the gift.

Educational Foundation of the University of South Carolina Lancaster (Document 04)

Article III, *Role of the Foundation*

Section 3.1 Role of the Foundation (Document 04, pages 2-3)

During the term and any renewal period of the Affiliation Agreement, USC hereby acknowledges the role of the Foundation, and the Foundation hereby accepts its acknowledged role, to create an environment conducive to increasing levels of private support for the mission and priorities of USC Lancaster, to receive manage and administer certain private philanthropy for the benefit of USC Lancaster as described herein, and to do and to undertake such other activities as contemplated herein. USC authorizes the Foundation to receive, directly and indirectly, gifts, grants, pledges, commitments, and other aid and support from donors and grantmakers for the benefit and support of USC Lancaster, its programs and mission. The Foundation will establish, adhere to, and periodically assess their gift

acceptance and administrative policies. The Foundation will work with USC Lancaster and/or the USC Office of University Development (or its successor office) to acknowledge and issue promptly receipts for all gifts to the Foundation for the benefit of USC Lancaster and provide appropriate recognition and stewardship of such gifts. The Foundation shall maintain and enforce policies to protect donor confidentiality. When contemplating a distribution of gift funds to USC Lancaster, the Foundation will disclose terms, conditions, or limitations imposed by the donor or legal determination of the gift.

South Carolina Research Foundation ([Document 05](#))

Article II, *Requirements for Affiliation with USC*

Section 2.2 Role of the Foundation ([Document 05, page 3](#))

During the term and any renewal period of this Agreement, USC hereby acknowledges the role of SCRF, and SCRF hereby accepts its acknowledged role to create an environment conducive to increasing levels of private, public and industry support for the mission and priorities of USC as described herein, and to do and to undertake such other activities as contemplated herein. USC authorizes SCRF to receive, directly and indirectly, gifts, grants, pledges, commitments, and other aid and support from donors and grantmakers for the benefit of and support of USC, its programs and mission. SCRF will establish, adhere to, and periodically assess their gift and grant acceptance and administrative policies. SCRF will work with the USC Office of University Development (or its successor office) to acknowledge and issue promptly receipts for all donations to SCRF for the benefit of USC and provide appropriate recognition and stewardship of any such gifts. SCRF shall maintain and enforce policies to protect donor confidentiality.

University of South Carolina Alumni Association ([Document 06](#))

Article VI, *Association Responsibilities*

Section 4.3 Role of the Association ([Document 06, page 4](#))

The Parties acknowledge that an active and informed alumni base plays a pivotal role in the success of fundraising, student recruitment, and the overall quality of the education experience, all of which are essential to the University's success. The Parties further acknowledge the Association's vital role in supporting the University and its mission by assisting and encouraging the University's alumni network to remain engaged with and committed to the University. Accordingly, during the term and any renewal period of this Agreement, the University hereby acknowledges the role of the Association, and the Association hereby accepts its acknowledged role, to support the University and its alumni by creating an environment conducive to increasing levels of private support for the mission and priorities of the University, to receive, manage and administer certain private philanthropy for the benefit of the University and its alumni, and to do and to undertake such other activities as contemplated herein or set forth in the Service Agreement, as will further the mission of the University. The University authorizes the Association to receive, directly and indirectly, gifts, grants, pledges, commitments, and other aid and support from donors and grantmakers for the benefit of and support of the University, its programs and mission. The Association will establish, adhere to, and periodically assess their gift acceptance and administrative policies. The Association will work with the Office of University Development (or its successor office) to acknowledge and issue promptly receipts for all gifts to the Association for the benefit of the University and provide appropriate recognition and stewardship of such gifts. The Association shall maintain and enforce policies to protect donor confidentiality. When contemplating a distribution of gift funds to the University, the Association will disclose any terms, conditions, or limitations imposed by the donor or legal determination of the gift.

Sources

-  [5.3c Institution-Related Entities- Control of Fund-raising Activities Off-Site Committee Comments](#)
-  [Document 01_Educational_Foundation_Agreement](#)
-  [Document 02_Development_Foundation_Agreement](#)
-  [Document 03_Business_Partnership_Foundation](#)
-  [Document 04_Lancaster_Educational_Foundation](#)
-  [Document 05_SC Research Foundation Draft](#)
-  [Document 06_Alumni Association Affiliation Agreement Draft](#)