

ADMINISTRATIVE DIVISION BTRU Board of Trustees		POLICY NUMBER BTRU 1.25
POLICY TITLE Affiliated Foundations, Entities and Organizations		
SCOPE OF POLICY USC System		DATE OF REVISION May 28, 2024
RESPONSIBLE OFFICER Secretary of the Board of Trustees		ADMINISTRATIVE OFFICE Board of Trustees

PURPOSE

This policy (1) provides guidelines for recognizing a corporation, support foundation, organization or other entity as an affiliate (“Affiliated Entities”) of the University of South Carolina System (USC System) and (2) establishes standards and requirements to ensure that the relationships between the USC System and each Affiliated Entity are stable and long-term, productive and efficient, separate and independent, but aligned in mission and enterprise, while maximizing the support of each Affiliated Entity for the benefit of the USC System.

The Board of Trustees of the USC System has sole and absolute authority and discretion to interpret, amend, modify, waive, or terminate this policy.

DEFINITIONS AND ACRONYMS

For purposes of this policy, the following terms shall have the meaning set forth herein:

Affiliated Entity: Subject to the additional requirements of this Policy, an “Affiliated Entity” is a separate and independent legal entity whose affiliation with the USC System is officially recognized by the USC System, and this recognition is memorialized by a written agreement of affiliation, which:

- a. clearly defines the relationship of the Affiliated Entity to the USC System as a separate and independent entity formed for the purpose of supporting the USC System,
- b. formally delineates any liability exposure between the parties arising out of such relationship, and
- c. assures that the activities of the Affiliated Entity, on behalf of and for the benefit of the USC System, shall at all times further the mission of the USC System.

The following are not recognized as an Affiliated Entity for purposes of this policy:

- Any governmental agency or political subdivision (including Commissions)
- Any department, division, or unit of the USC System

The following are recognized as Affiliated Entities for purposes of this policy:

- USC Development Foundation
- USC Educational Foundation
- USC Business Partnership Foundation
- South Carolina Research Foundation

- USC Alumni Association
- USC Upstate Foundation
- USC Upstate Capital Development Foundation
- Educational Foundation of USC Lancaster
- The Gamecock Club
- USC School of Medicine Educational Trust
- USC Beaufort Education Foundation
- Any additional entity approved by the USC Board of Trustees hereafter

Governing Boards: The board of trustees or board of directors, as applicable, of each Affiliated Entity shall individually be referred to as a “Governing Board” and shall collectively be referred to as “Governing Boards”.

Responsible Official: The University official responsible for overseeing the relationship between the Affiliated Entity and their organization, including monitoring compliance with University policies and the affiliation agreement:

- a. USC System - President or designee
- b. USC Columbia – President or designee
- c. Comprehensive Universities – Chancellor
- d. Palmetto College campuses – Chancellor of Palmetto College
- e. School or College- the individual identified above for the respective institution or campus

University of South Carolina System: University System is defined for purposes of this policy to include the University of South Carolina and its constituent institutions and campuses (hereinafter collectively referred to as “the USC System”).

POLICY STATEMENT

1. The USC System recognizes the importance of voluntary private support and encourages grants and contributions for the benefit of the USC System or for any or all of the educational and support activities that are operated or authorized by the USC System. Accordingly, the Board of Trustees of the USC System wishes to encourage a broad base of support from many sources, particularly increased levels of voluntary support. To achieve this goal, the USC System will support the work of Affiliated Entities designed to generate and encourage financial support for the USC System.

The Board of Trustees shall have the authority to confer or withdraw recognition of an Affiliated Entity. The Board of Trustees may recognize an organization as an Affiliated Entity when the entity meets the definition of such as defined in this policy and meets the following organizational requirements for affiliation:

- a. The Affiliated Entity shall maintain its status as a tax-exempt organization.
 - b. The Affiliated Entity’s governing documents (e.g., Articles of Incorporation and Bylaws) shall state that it is organized and shall at all times be operated exclusively for the benefit of, or to carry out the mission and purposes of, the USC System or its constituent institutions or campuses.
 - c. In the event of dissolution of the Affiliated Entity, the remaining assets of Affiliated Entity shall be distributed to the USC System or to another nonprofit exempt organization(s) within the meaning of Section 501(c)(3) of the Internal Revenue Code, dedicated to the support of the USC System, as determined by the Board of Trustees of the USC System.
 - d. The Affiliated Entity’s governing documents (e.g., Bylaws) shall provide that the USC System shall appoint at least one USC System representative to serve on the governing body or board (the “*Affiliated Entity Governing Board*”) of the Affiliated Entity. The number of USC System representatives appointed by the governing board may never comprise a majority of the Affiliated Entity’s Governing Board.
 - e. The Affiliated Entity’s governing documents (e.g., Articles of Incorporation and Bylaws) shall provide that the Affiliated Entity give written notice to the Board of Trustees of the USC System of any amendments thereto related to the purpose of the Affiliated Entity, disposition of assets upon dissolution of the Affiliated Entity, or appointments of USC System representative(s) to any position on the Affiliated Entity Governing Board.
2. The Responsible Official shall have administrative authority for Affiliated Entity relations, including the authority to enter negotiations with an organization seeking recognition as an Affiliated Entity. However, the USC System’s Board of Trustees must approve the Foundation Affiliation Agreement between the USC System and the Affiliated Entity.
 3. Each organization recognized as an Affiliated Entity must comply with the procedures listed below. The Board of Trustees may revoke its recognition of an Affiliated Entity that fails to comply with these procedures.
 4. The Bylaws of each Affiliated Entity associated with the Columbia campus provide that a member of the Board of Trustees shall serve as a member of the Governing Board of such Affiliated Entity. In order to effectively and efficiently discharge its governance responsibilities, the Board of Trustees has determined it appropriate and necessary to establish and standardize the process by which members of the Board of Trustees are appointed to serve on such Governing Boards (see “Appointing USC Board Members to Serve on Affiliated Entities” in the Procedures section below).

PROCEDURES

Operational Requirements of Affiliation

1. All correspondence, solicitations, activities, and advertisements of the Affiliated Entity shall use the name of the Affiliated Entity and shall be clearly identified as an activity of

the Affiliated Entity, and not the USC System, to ensure that the public is aware that the Affiliated Entity is a separate and distinct entity from the USC System.

2. The Affiliated Entity agrees to expend its funds, including any excess or residual funds, strictly and exclusively for the benefit of the USC System.
3. Acceptance of gifts by an Affiliated Entity is subject to University Policy [DEVL 1.06, Fundraising by the Division of Development](#). The USC System may decline to accept a gift for any reason, including conditions that present challenges for the USC System under applicable law as an agency and institution of higher learning of the state of South Carolina.
4. The Affiliated Entity agrees to work with the USC System to comply with the principles of institutional control and other regulations of the Southern Association of Colleges and Schools Commission on Colleges (“SACSCOC”) (or other equivalent body or association that may provide accreditation or similar rating standards upon the USC System, and to which the USC System is subject) applicable to the accreditation of the USC System (“SACSCOC *Accreditation Standards*”).
5. Because the Affiliated Entity is an independent entity, business transactions between the USC System and the Affiliated Entity shall be arm’s-length and documented as appropriate.
6. The Affiliated Entity shall maintain liability insurance and appropriate bonds covering the performance of its directors, officers, and staff in such amounts as determined by the Affiliated Entity’s Governing Board.
7. The Affiliated Entity may contract for the provision of USC System services and resources (e.g., staffing, space, equipment, facilities); however, such services and resources shall be quantified and memorialized in a written agreement with the USC System. Recovery of costs associated with the provision of such resources shall be mutually agreed upon by the USC System and the Affiliated Entity, and the result shall be a fair and equitable exchange.
8. The Affiliated Entity shall adopt and abide by a conflict of interest policy that establishes a process to identify and appropriately manage potential conflicts of interests. At a minimum, this should include an annual disclosure and review of potential conflicts of interest for Affiliated Entity directors, officers, and staff.
9. The USC System recommends that the Affiliated Entity have a well-developed website that provides public access to information about the Affiliated Entity’s mission, Bylaws, most recent Form 990, a list of members of the Affiliated Entity Governing Board, officers of the Affiliated Entity, key staff members, and contact information for the Affiliated Entity’s operations.
10. The USC System and the Affiliated Entity should use separate computers and computer systems to avoid the intermingling of data and information, unless otherwise mutually agreed to in writing by the parties. If a database is shared for the purposes of maximizing

efficiency, accuracy of data, and prospect management; the rationale for sharing a database should be documented and approved by the Responsible Officials to protect the interests of both parties.

11. Funds, monies, and accounts of the Affiliated Entity shall be kept separate and not commingled with funds, monies, and accounts of the USC System.
12. The Affiliated Entity shall conduct its fiscal operations to conform to the USC System's fiscal year.
13. Except by express, advance written delegation of authority from the Board of Trustees of the USC System, the Affiliated Entity may not bind or cause the USC System to act or not to act. Likewise, except by express, advance written delegation of authority from the Affiliated Entity Governing Board, the USC System may not bind or cause the Affiliated Entity to act or not to act.

Policy Alignment of Affiliated Entity with the USC System

As a condition precedent for affiliation and the procurement of services or resources from the USC System, the Affiliated Entity agrees to comply with federal or state laws, rules and regulations and the then-current versions of the following University policies:

- a. [ACAF 1.33 Intellectual Property](#)
- b. [BUSA 3.06 Trademark and Licensing](#)
- c. [DEVL 1.06 Fund Raising by the Division of Development](#)

Foundation Affiliation Agreement

1. Recognition of Affiliation - The Board of Trustees of the USC System shall have the authority to confer or withdraw recognition of affiliation with an Affiliated Entity.
2. Foundation Affiliation Agreement - Status as an Affiliated Entity shall formally arise upon the execution of an affiliation agreement between the USC System and the Affiliated Entity (the "***Foundation Affiliation Agreement***"). The agreement must be approved by the USC Board of Trustees, signed by the USC System in accordance with University Policy [BTRU 1.04, Authority to Sign Contracts](#) and signed by the Affiliated Entity officer authorized to sign such agreements.
3. Term of the Foundation Affiliation Agreement - The term length of the Foundation Affiliation Agreement shall be five years and shall be renewable in increments of five years, unless otherwise approved by the Board of Trustees.
4. Recognized Role of Affiliated Entity - As memorialized in the Foundation Affiliation Agreement, the Board of Trustees of the USC System shall recognize the role of the Affiliated

Entity in connection with the overall enterprise of the USC System, which may include any of the following examples:

- To facilitate fund-raising programs and contributions from private sources to foster and promote the general welfare of the USC System or one of its components.
 - To manage and invest private gifts and/or property for the benefit of the USC System or one of its components.
 - To assist, support and aid fiscal and capital asset administration.
 - To engage, coordinate, and support alumni activities and gatherings.
 - To support athletics through booster clubs and similar activities.
 - To support, maintain, and grow scholarship funds for students at the USC System.
 - To support the research enterprise, innovation, and the technology transfer activities of or in support of the USC System; or
 - To promote, sponsor, and implement educational, scientific research, charitable or cultural activities for the benefit of the USC System or one of its components and to engage in activities to enhance further the educational research or service mission of the USC System.
5. Grant of Intellectual Property License - The Foundation Affiliation Agreement will provide such grant of license to the intellectual property, trade name, and other trade dress of the USC System in connection with the Affiliated Entity's pursuit of its recognized role in relation to the USC System enterprise and in compliance with University Policy [ACAF 1.33 Intellectual Property](#) as may be approved by the Board of Trustees. Furthermore, the Affiliated Entity shall agree that licensed trademarks, service marks, logos, seals, or the name of the USC System or any of its components may only be used by the Affiliated Entity in accordance with then-current University Policy [BUSA 3.06 Trademark and Licensing](#).
6. Audit - The Affiliated Entity shall be audited annually by an independent certified public accountant, and the Affiliated Entity's financial statements shall be prepared in accordance with generally accepted accounting principles. The Affiliated Entity shall provide the USC System with a copy of its most recent audited financial statements, the then-current roster of directors of the Affiliated Entity, and any amendments to the governing documents of the Affiliated Entity at the conclusion of each fiscal year in accordance with the USC System's annual request.
7. Reporting - On a periodic basis, as established or requested by the USC System, the Affiliated Entity shall report to the USC System on all activities managed by the Affiliated Entity for the benefit of the USC System, its programs and mission, and such other activities and support provided by the Affiliated Entity to or on behalf of the USC System. The Affiliated Entity must annually report to the USC System by January 31st, all potential or actual conflicts of interest disclosed by the Affiliated Entity's Board members and officers.

Appointing USC System Board Members to Serve on Governing Boards of Affiliated Entities (Columbia Campus only)

Eligibility:

1. All members of the Board of Trustees identified in [Section 59-117-10 of the Code of Laws of South Carolina \(1976\)](#), as amended, are eligible for appointment to serve on the Governing Board of an Affiliated Entity.
2. No member of the Board of Trustees may serve simultaneously on the Governing Board of more than one Affiliated Entity.

Appointment Procedure: The Board of Trustees shall appoint a member of the Board to serve on the Governing Board of an Affiliated Entity, as follows:

1. The Governance Committee of the Board of Trustees shall, by majority vote of its members present and voting, recommend a Board member to serve on the Governing Board of an Affiliated Entity. The Committee recommendation shall be forwarded to the Board of Trustees for consideration.
2. At the next meeting of the Board of Trustees, the Board shall consider the recommendation for appointment submitted by the Governance Committee. Additional nominations for appointments may be made at the meeting. The Board of Trustees shall by majority vote of its members present and voting, approve the appointment of a member to serve on the Governing Board of an Affiliated Entity.

Term:

1. Appointment and Reappointment. A member of the Board of Trustees appointed to serve on the Governing Board of an Affiliated Entity shall serve for a term of four (4) years and until the successor is duly appointed by the Board of Trustees. Such Board members shall be eligible for reappointment at the expiration of the initial term for not more than one (1) additional, consecutive four (4) year term.
2. Vacancy. In the event a vacancy occurs, the Board of Trustees shall appoint a Board member in accordance with the appointment procedures set forth herein who shall serve for a term of four (4) years which shall commence on the date of appointment. Such Board member shall be eligible for reappointment at the expiration of the initial term as set forth herein.

RELATED UNIVERSITY, STATE AND FEDERAL POLICIES
[Code of Laws of South Carolina \(1976\), Section 59-117-10](#)
[ACAF 1.33 Intellectual Property](#)
[BTRU 1.04 Authority to Sign Contracts](#)
[BUSA 3.06 Trademark and Licensing](#)
[DEVL 1.06 Fund Raising by the Division of Development](#)

HISTORY OF REVISIONS

DATE OF REVISION	REASON FOR REVISION
May 28, 2024	New policy approval