



System Procedure 8.3.1 College and University Related Foundations

Part 1. Purpose

To establish requirements that must be met by colleges and universities in dealing with their related foundations. These requirements are in addition to those set forth in Board Policy 8.3.

Part 2. Contract Requirements

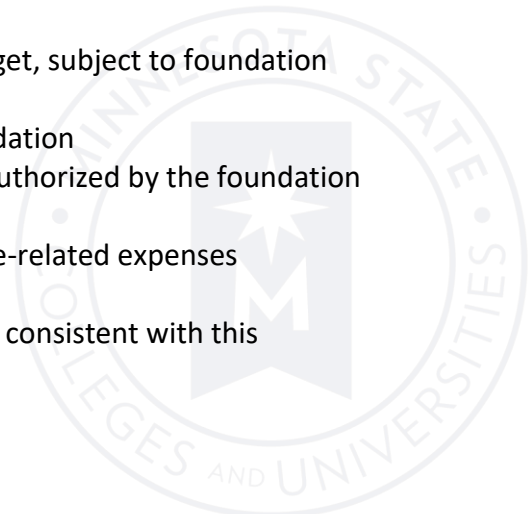
Contracts entered into between a college or university and its related foundation must be in a form approved by the system office and must include the information specifically listed in Board Policy 8.3.

Part 3. Explanation of Roles

Subpart A. Allowable services

A college or university may contract with its related foundation to provide staffing and other administrative support services to the foundation, in accordance with Board Policy 8.3 and this procedure. If the college or university provides services to a foundation pursuant to this provision, it shall provide an accounting of services provided and expenditures made on the foundation's behalf at least annually. Allowable services may include but are not limited to:

1. Accounting/Bookkeeping
2. Marketing services
3. IT services
4. Maintenance services
5. Clerical/secretarial services
6. Use of equipment/facilities
7. Record keeping
8. Institutional Research services
9. Mail and print services
10. Staff supervision
11. Assistance with the development of the foundation budget, subject to foundation board direction and approval
12. Soliciting and accepting donations on behalf of the foundation
13. Handling foundation funds, including writing checks as authorized by the foundation board and making deposits to foundation accounts
14. Making expenditures for day-to-day personnel and office-related expenses authorized by foundation policy and budget directives
15. Executive director or executive secretary responsibilities consistent with this procedure



16. Execution of policies and budget directives adopted by the foundation board
17. Scholarship recipient selection based on criteria established by the foundation board
18. Provide input in foundation governance as a non-voting member

Subpart B. Non-allowable services

Colleges and universities are prohibited from providing to their related foundations services that involve discretionary or policy-making responsibilities. The foundation board is responsible for managing its financial resources, including authorizing fundraising strategies, budgeting the use of funds, and establishing investment policies. College and university personnel shall not:

1. Make investment policies or decisions on behalf of the foundation
2. Establish foundation board policy and budget directives
3. Determine or authorize awards or expenditures of foundation resources, except as permitted above
4. Determine the scope and nature of foundation fundraising campaigns
5. Execute contracts on behalf of the foundation
6. Participate in foundation governance

Subpart C. Foundation board members

Except as provided below, no employee of a college or university shall participate as a voting member or officer of the board of directors of a related foundation as defined in Board Policy 8.3. A part-time employee may participate as a voting member or officer of a related foundation's board of directors if:

1. The employee is not employed as an administrator by the college or university; and
2. The employee is employed by the college or university less than half time or ten semester credits teaching time each year; and
3. The college or university does not select the employee to be a foundation board member or officer; and
4. The employee's role as a foundation board member or officer is not included as part of the employee's job duties; and
5. The number of college or university employees serving as foundation board members constitutes less than a majority of a quorum of the foundation board

Subpart D. Donations

College or university staff shall, at all times, seek to coordinate the solicitation and acceptance of donations for the benefit of the college or university with its related foundation to ensure the donor receives proper acknowledgement and stewardship.

Subpart E. Handling foundation funds

No college or university employee shall handle funds on behalf of the foundation unless the foundation has established policies and procedures governing the activities authorized for

each employee, including writing checks, accepting donations, making deposits or making other financial transactions on the foundation's behalf.

Part 4. Other Requirements

Subpart A. Separate accounts

A separate bank account must be maintained at all times for foundation funds, and foundation funds must not be commingled with college or university funds.

Subpart B. Expense reimbursement

The contract between the college or university and its related foundation must specify which entity will reimburse assigned staff for allowable personnel expenses.

Subpart C. Reporting requirements

For foundations which meet the requirements of Minn. Stat. § 309.53, Sub. 3 for audited financial statements, the following must be filed with the system office within three months of close of the foundation year for universities, and within five months of close of the foundation for college:

1. A copy of the audited financial statements required to be filed with the attorney general pursuant to Minn Stat. § 309.53, Subd. 3. Any written communication from an independent auditor that discloses any material weakness in internal controls identified in conjunction with the audited financial statements, must also be submitted. For any material weakness reported, the related foundation shall provide a written response that includes its plans to implement corrective action or explanation for accepting the risks associated with the weakness.
2. Internal Revenue Service (IRS) Form 990.
3. A report on return of value for the prior fiscal year, including the value of administrative support received and the value returned to the college, university, or system and its students.

For foundations which do not meet the requirements of Minn. Stat. § 309.53, Subd. 3 for audited financial statements, the following must be filed with the system office within three months of close of the foundation year for universities, and within five months of close of the foundation year for colleges:

1. Internal Revenue Service (IRS) Form 990.
2. A report on return of value for the prior fiscal year, including the value of administrative support received and the value returned to the college, university, or system and its students.
3. One of the following once every three years:
 - i. an audited financial statement
 - ii. a financial statements review performed by a CPA firm
 - iii. the results of agreed upon procedures with a CPA firm focused on internal controls, as specified in Operating Instructions 8.3.1.1

Any other filing schedule requires prior written authorization from the system office Finance Division.

Subpart D. Personnel evaluation

As part of its regular performance evaluation of staff assigned to foundation-related responsibilities, the college or university shall review the employee's compliance with Board Policy 8.3 and this procedure, and shall seek input from the foundation's board regarding the employee's performance on its behalf.

Subpart E. Further limitations

No college or university shall enter into an agreement with a related foundation for the following activities:

1. Offering instructional and credit-bearing programs
2. Developing or managing Minnesota State-owned real property
3. Activities that generate revenues from the use of Minnesota State property (e.g., cell tower leases, naming rights, and multimedia rights)

Any exception to those prohibitions must be requested in writing by the related foundation and considered by the chancellor. Approved exceptions will be incorporated into the contract between the related foundation and the campus by amendment and will be effective upon approval by the chancellor or the chancellor's designee.

Subpart F. Real property

The president must consult with the chancellor prior to initiating any acquisition of real property from a related foundation. Real property acquired by a related foundation as a donation in support of a college or university's mission and comprehensive facilities plan may be considered by the chancellor and board for acceptance under Board Policy 6.7 Real Estate Transactions and Management and related procedure, provided that:

1. The conveyance is at no or nominal cost to the college or university,
 2. There are no restrictions that would limit the ability of a college or university to use the real property for its planned purposes,
 3. The real property is in acceptable environmental condition, and conveyance to the board will not unnecessarily expose the board to environmental liability,
 4. The real estate is free of all debt or other financial encumbrances,
 5. All taxes and special assessments constituting a lien on any real property shall be paid in full before title is transferred to the board, and
 6. A current appraisal has been obtained to determine the market value of the real property.
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Date of Adoption: 01/19/00
Date of Implementation: 01/25/00
Date of Last Review: 03/04/25

Date and Subject of Revision:

03/04/25 – Full review. Amended Part 3 to add allowable services. Amended Part D. Donations. Amended Part 4, Subpart C Reporting Requirements.

4/2/18 - Removed references to system office as related foundations will contract with a college or university. Removed verbiage from the purpose statement that is duplicated from Policy. Updated Part 4 subpart C Reporting requirements for clarity. Added Part 4, subpart E Further Limitations and subpart F Real Property. Applied new formatting and writing styles resulting in technical edits.

Additional HISTORY.