



### Board Policy 8.3 College and University Related Foundations

#### Part 1. Purpose

To establish standards to be met to ensure that the relationships between colleges, universities, and their related foundations are collaborative, collegial, stable, long-term, productive, and efficient; and that those relationships are conducive to advancing the institution's mission, nurturing external relations and fostering financial support for the college, university, students, and Minnesota State. Colleges and universities shall ensure that any public resources, including employee time, that support the activities of a related foundation are used prudently and in a manner consistent with their respective missions, board policies and system procedures.

To also establish the standards to be met when a foundation supports the college or university in other activities, such as serving as a vehicle for acquiring, developing, or managing real or intangible property.

Foundations and their board members play an important role in the advancement of the colleges and universities of Minnesota State and serve to cultivate, raise, steward, and manage financial resources in support of the colleges and universities of Minnesota State and their students. Foundations also serve a critical role in creating public awareness of the important contributions our colleges and universities make to students, their communities, and the state. Foundations play a central role in the coordination, solicitation, acceptance, acknowledgment and stewardship of donations to the college or the university.

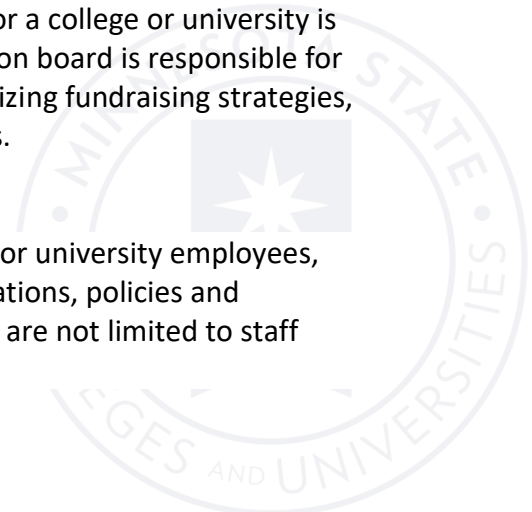
#### Part 2. Definitions

##### **Related foundation**

A private, non-profit organization created specifically for the purpose of supporting a college or university through development, fundraising and other related activities and recognized by a written contract between the college/university and foundation. (An organization whose primary purpose is other than fundraising for a college or university is not a related foundation under this policy). The related foundation board is responsible for managing the foundation's financial resources, including authorizing fundraising strategies, budgeting the use of funds, and establishing investment policies.

##### **Administrative Support Services**

The use of public resources, including but not limited to college or university employees, equipment, facilities, etc., needed to carry out foundation operations, policies and authorizations. Administrative support services may include but are not limited to staff time, equipment, facilities, etc.



### **Advancement**

The overarching plan for moving a college or university forward through a comprehensive approach which includes fundraising, constituent relationships, marketing and communications, and other functions.

### **Development**

Development is a facet of the advancement process focused on connecting donors to the college or university's mission in a way that is relevant. Development is designed to raise resources and contribute to overall advancement efforts.

### **Fundraising**

The organized activity of raising funds, which includes the direct solicitation, receipt of gifts, management of endowed funds, and other activities directed at seeking private support in support of the college or university strategic goals.

### **Stewardship**

The process of building long-term relationships with donors to encourage their ongoing support. Stewardship involves managing gifts as intended by the donors to be used, updating donors on the progress and impact of their gifts, easing donors into the cultivation process by keeping them involved with the college or university and inspiring donors to give on an ongoing basis. Stewardship has the expectation to create a long-term, mutually beneficial relationship focused on meeting donors' gift intentions that are aligned with the needs of the college or university.

## **Part 3. Organization of Related Foundations**

A related foundation must be legally incorporated as a nonprofit corporation under Minnesota law, in good standing, and must be qualified as a tax-exempt charitable organization under 26 U.S.C. 501(c)(3). The governance of a related foundation is the sole responsibility of its board of directors; the related foundation must be maintained as a legal entity separate from Minnesota State and its colleges and universities. Board policy and system procedure establish standards to be met by foundations seeking to serve as related foundations to receive support services and recognition from colleges and universities.

## **Part 4. Contracts with Related Foundations**

A college/university president shall enter into a written contract with a related foundation to provide administrative support services to the related foundation in accordance with board policy and system procedure and to allow the related foundation to use the name of the college or university. Colleges and universities have discretion to determine the amount of administrative support services it provides to the related foundation during each contract term.

### **Subpart A. Return of value**

The chancellor may establish a return of value ratio required for each contract with a related foundation. Before establishing the ratio for the related foundation of a college or university, the chancellor shall consult with the college or university president.

**Subpart B. Contract term and approval**

A contract must be in place between the foundation and the college or university. The term of the contract must not exceed three years and may be renewed at the chancellor's or president's discretion. The contract is subject to review and approval by Minnesota State. A copy of the contract must be kept on file in the system office.

**Subpart C. Access to information**

The contract must provide that the Office of the Legislative Auditor and Minnesota State shall have complete access to the financial records of the related foundation.

**Subpart D. Foundation reports**

The contract must require that the related foundation annually provide to the college or university and the system office a report as set forth in Minnesota State Procedure 8.3.1 Part 4 Subpart C. The chancellor shall establish the deadline for filing the report and any provision for filing extensions in system procedure.

**Subpart E. Ex-officio member**

The contract must provide that the president or chancellor, or their designee, serve as an ex-officio, non-voting member of the respective related foundation's governing board and of any executive or similar committee empowered to act for the governing board.

**Subpart F. Additional conditions**

The chancellor may identify additional conditions that must be met by a related foundation in order to contract with a college or university for administrative support services, if the chancellor determines that the conditions are needed to improve effectiveness, legal compliance, or other factors affecting the operational viability or integrity of the related foundation. The chancellor shall consult with the college or university president about such additional conditions.

**Part 5. Annual Report**

The chancellor shall report annually to the board information for each related foundation including the dollar value of administrative support services provided; the dollar value of returns to the college, university, or its students; information on any waiver granted under System Procedure 8.3.2; and any other information the chancellor deems appropriate.

**Part 6. Other Developmental Support**

**Subpart A. Real property supporting a college or university**

The president is responsible for communicating the college or university goals and priorities to its related foundation regarding its comprehensive facilities plans. Any agreement between the related foundation and the president for real property must be in writing and shall adhere to board policies related to real estate and contracts, including Board Policy 6.7 and related procedures.

**Subpart B. Conveying property to a college or university**

Before accepting any real property from a related foundation, the board shall require its own due diligence under current system real estate policy and procedure.

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Date of Adoption: 3/21/95  
Date of Implementation: 3/21/95  
Date of Last Review: 3/19/25

**Date and Subject of Amendments:**

3/19/25 – Full review. Added the descriptions that further define the work of advancement and included development and stewardship. Clarified the roles of related foundations. Added language that emphasizes the alignment of the college/university and related foundations' strategic work to support advancement.

03/21/18 – Removed references to system office as related foundations will contract with a college or university. Added language allowing the audit requirement in Part 4, sub D #1 to be waived for foundations with less than \$75,000 in assets. Added Part 6 establishing expectations when using a related foundation as vehicle for real property. Applied new formatting and writing styles resulting in technical edits.

Additional HISTORY.