



System Procedure 8.3.1 College and University Related Foundations Procedure

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

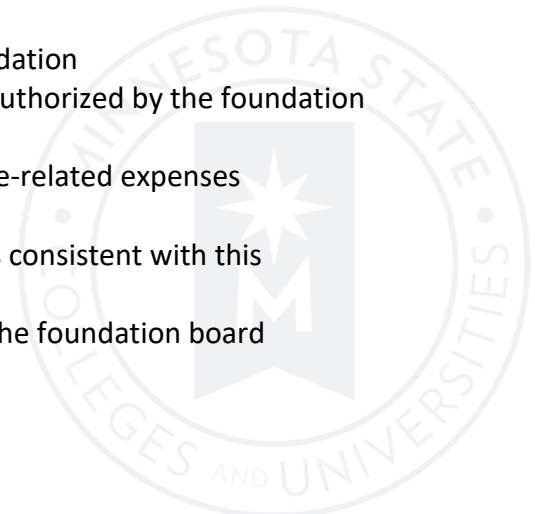
Contracts entered into between a college or university and its related foundation must be in a form approved by the system office and must include the information specifically listed in Board Policy 8.3.

Part 3. Definition of Roles

Subpart A. Allowable services

A college or university may contract with its related foundation to provide 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. Administrative support services to be provided to the foundation must be specified in the contract with the related foundation. Allowable services may include:

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



13. Scholarship recipient selection based on criteria established by the foundation board

Subpart B. Non-allowable services

Colleges and universities are prohibited from providing to their related foundations services that involve managerial, 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 soliciting or accepting donations on behalf of the institution or its related foundation shall clearly inform the potential donor which entity is the intended recipient of the gift.

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

State universities shall file with the system office the foundation annual report required under Board Policy 8.3, Part 4, subpart D, and Internal Revenue Service Form 990 within three months of the close of the foundation's fiscal year. Any other filing schedule requires prior written authorization from the system office.

State colleges shall file with the system office the foundation annual report required under Board Policy 8.3, Part 4, subpart D, and Internal Revenue Service Form 990 within five months of the close of the foundation's fiscal year unless the chancellor, or the chancellor's designee, notifies the president in writing of a different reporting deadline. Any other filing schedule requires prior written authorization from the system office.

Audited financial statements filed with the system office must include any written communication from an independent auditor that discloses any material weaknesses in internal controls identified in conjunction with the audit of financial statements received by the foundation.

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 board-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.

Date of Adoption: 01/19/00
Date of Implementation: 01/25/00
Date of Last Review: 04/02/18

Date and Subject of Revision:

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.