



Board Policy 8.3 College and University Related Foundations

Part 1. Purpose

To establish the standards to be met in order to help ensure that the relationships between colleges, universities, and their supporting foundations are stable, long-term, productive, and efficient; and that those relationships foster the maximum support possible for the system and its colleges and universities. 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 providing needed resources for Minnesota State colleges and universities and their students, as well as in creating public awareness of the important contributions our colleges and universities make to students, their communities, and the state. Colleges and universities shall ensure that any public resources, including employee time, which support the activities of a related foundation are used prudently and in a manner consistent with their respective missions, board policies, and system procedures.

Part 2. Definitions

Related foundation

A private, non-profit organization whose purpose is to support a college or university through fundraising and other activities and is officially recognized by the president or chancellor through a written contract. An organization whose primary purpose is other than fundraising for a college or university is not a related foundation under this policy.

Administrative

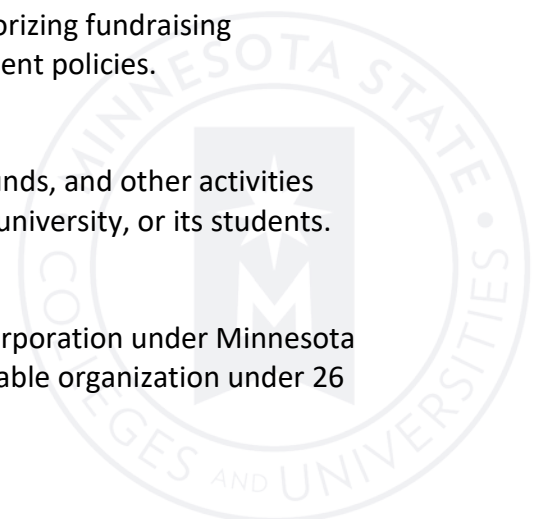
The use of college or university employees, equipment, and facilities that are needed to carry out related foundation policies and authorizations. The related foundation board is responsible for managing its financial resources, including authorizing fundraising strategies, budgeting the use of funds, and establishing investment policies.

Fundraising

Direct solicitations, receipt of gifts, management of endowed funds, and other activities directed at raising foundation funding on behalf of the college, university, or its students.

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 and the related foundation must be maintained as a legal entity separate from Minnesota State 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 president or the chancellor may enter into a written contract with a related foundation to provide administrative support 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.

Subpart A. Return of value

The chancellor may establish the 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

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 the system office. 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 Colleges and Universities 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 below. The chancellor shall establish the deadline for filing the report and any provision for filing extensions in system procedure. The annual report must include the following information:

1. A copy of the annual report required to be filed with the attorney general pursuant to Minn. Stat. § 309.53. A related foundation that is not required to file audited financial statements with the attorney general pursuant to Minn. Stat. § 309.53, Subd. 3, shall submit an audited financial statement and the information in Subpart D(2) at least once every three years. The chancellor, or the chancellor's designee, may waive the audit requirement if the foundation has less than \$75,000 in assets at the end of the current fiscal year. The request for waiver must be sent, in writing, to the Minnesota State Director of Financial Reporting and approved by the chancellor, or the chancellor's designee, prior to the deadline for filing.
2. Any written communication from an independent auditor that discloses any material weakness in internal controls identified in conjunction with the audit of financial

- statements. For any material weakness reported, the related foundation shall provide a written response that includes its explanation for accepting the risks associated with the weakness or its plans to implement corrective action.
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.

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, 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. Before making the determination for the related foundation of a college or university, the chancellor shall consult with the college or university president.

Part 5. Annual Report

The chancellor shall report annually to the board information for each related foundation including the dollar value of administrative support 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 shall 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.

Date of Adoption: 3/21/18
Date of Implementation: 3/21/18
Date of Last Review:

Date and Subject of Amendments:

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.