Agenda Item Summary Sheet

Committee:  Advancement  
Date of Meeting:  July 21, 2009

Agenda Item:  Proposed Board Policy 8.3 College-, University-, and System-Related Foundations

Proposed Policy Change  
Approvals Required by Policy
Other Approvals
Monitoring

Information

Cite policy requirement, or explain why item is on the Board agenda:
The Board of Trustees authorized the Affiliated Foundations Task Force to address policy matters raised in the Office of Internal Auditing’s report, “College, University, and System Foundations.”

Scheduled Presenter(s):
Maria McLemore, Interim Executive Director, System and Foundation Relations
Douglas Allen, President, Ridgewater College, Co-Chair, Leadership Council Advancement Committee (2008-2009)

Outline of Key Points/Policy Issues:
Proposed changes can be found in:
- Definitions
- Policy

Background Information:
Proposed changes have been shared with members of the Leadership Council and with the system’s chief development officers. In addition, the Office of the Chancellor hosted three teleconferences to review the proposed changes and to solicit feedback from presidents, development officers, and affiliated foundation board members.
BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES

BOARD ACTION

Proposed Board Policy 8.3 College-, University-, and System-Related Foundations

BACKGROUND
At the request of the Board of Trustees, the Affiliated Foundations Task Force was established to address policy-related matters raised in the Office of Internal Auditing’s report, College, University, and System Foundations.

The Affiliated Foundations Task Force was comprised of college and university presidents, chief development officers, affiliated foundation board members, and representatives from the Board of Trustees and Office of the Chancellor staff:

Douglas Allen, President, Ridgewater College and Co-chair, Leadership Council
Advancement Committee (2008-2009)
John Asmussen, Executive Director, Office of Internal Auditing
Linda Behrens, President, Board of Directors, Rochester Community and Technical College Foundation
Cheryl Dickson, Trustee, Board of Trustees, Minnesota State Colleges and Universities
Cheryl Frank, President, Inver Hills Community College
Evelyn Gedde, Director of Institutional Advancement and Executive Director, Foundation, Anoka-Ramsey Community College
Scott Goings, Assistant General Counsel, Office of General Counsel
Robin Kelleher, President, Board of Directors, Bemidji State University Foundation
Bobbie Mattison, Executive Director, Ridgewater Foundation
Maria McLemore, Interim Executive Director, System and Foundation Relations
Earl Potter, President, St. Cloud State University
James Schmidt, Vice President for University Advancement, Winona State University
Randy Zellmer, Board Member, Minnesota State University Mankato Foundation

The task force held monthly meetings from January 2009 through June 2009; the resulting recommendations require changes to Board Policy 8.3. The task force has shared its recommendations with the Leadership Council and with the system’s chief development officers. Moreover, the Office of the Chancellor hosted three teleconferences to discuss proposed policy changes and to solicit feedback from presidents, chief development officers and affiliated foundation board members.

RECOMMENDED COMMITTEE ACTION
The Advancement Committee recommends that the Board of Trustees adopt the following motion: The Board of Trustees adopts Board Policy 8.3 as presented in the Board packet.
RECOMMENDED MOTION

The Board of Trustees adopts Board Policy 8.3 as presented in the Board packet.

Date of Presentation to the Board: 07/21/09
Date of Board Action: 09/09/09
Date of Implementation: 09/09/09
Date of Adoption: The amendments to this policy shall be effective immediately upon adoption by the Board of Trustees except to the extent they require changes to existing contracts in which case they will be effective as soon as the contracts can be modified by amendment or renewal.
8.3  COLLEGE-, UNIVERSITY-, AND SYSTEM-RELATED FOUNDATIONS


College-, University- and System related foundation: A private, non-profit organization legally incorporated under IRS statutes 501(c)3 and officially recognized by the president or chancellor to support programs and activities which benefit the college, university, or system whose primary purpose is to raise funds for or otherwise support the college, university, or system.

Administrative support: May include the use of college or university or system employees, equipment, and facilities that are needed to carry out foundation policies and authorizations. The foundation board is responsible for managing its financial resources, including authorizing fund raising strategies, budgeting the use of funds, and establishing investment policies.

Part 2. Policy.

Subpart A. The chancellor and each college or university president may contract with recognize a foundation whose primary purpose is to support the college, university or system. The college, university or system may agree to provide administrative support to the foundation. If the chancellor or president recognizes a foundation pursuant to this Subpart, then the college, university, or system must enter into a contract with the foundation.

Subpart B. The contract must require that, in return for administrative support, the foundation will contribute to the system, college, or university an amount equal to or more than the value of the administrative support provided by the system, college, or university to the foundation. This requirement may be waived for a limited time for new foundations or foundations undergoing structural or mission change. If this requirement is not met based on a three-year rolling average, then the college, university, or system must request a waiver pursuant to the conditions set forth in Procedure 8.3.2. This requirement shall not apply to administrative support provided for alumni relations or any other non-fundraising purposes.

Subpart C. The term of the contract shall not exceed three years and may be renewed at the chancellor's or a college or university president's discretion. Contracts are subject to review and approval by the system office. Copies of contracts shall be kept on file in the system office.
Subpart D. Contracts shall provide that the Office of the Legislative Auditor and MnSCU the Minnesota State Colleges and Universities shall have complete access to the financial records of the foundation.

Subpart E. Contracts shall require that the foundation annually provide an annual report to the college, or university, or the system a copy of its most recent financial annual report filed with the attorney general pursuant to Minn. Stat. Ch. 309. Foundations receiving less than $350,000 in revenues annually shall submit a copy of an external financial audit at least every three years. The Chancellor shall establish the deadline for filing the reports and any provisions for filing extensions in System Procedure. The annual reports shall include the following information:

1. The contents of the annual report which must be filed with the attorney general pursuant to Minn. Stat. Ch. 309.53.

2. A written communication from an independent auditor that discloses any material weaknesses in internal controls identified in conjunction with the audit of financial statements. For any material weaknesses reported, the foundation shall provide a written response which includes its explanation for accepting the risks associated with the weakness or its plans to implement corrective actions.

3. Foundations which are not required to file audited financial statements with the attorney general pursuant to Minn. Stat. Ch 309.53, Subd. 3, nonetheless, shall submit audited financial statements and the information from Part 2, Subpart E(2) of this policy at least once every three years.

4. A financial schedule that demonstrates the extent of compliance with the requirement contained in Part 2, Subpart B of this policy.

Subpart F. The contract must provide that the President of the College or University and the Chancellor with respect to the System, or their designee, serve as an ex-officio, non-voting member of their respective foundation’s governing board and of any executive or similar committee empowered to act for the governing board.

Subpart G. The contract must provide that the Foundation shall adhere, to the extent practicable, to best practices suggested by the Minnesota Charities Review Council. If foundation practices differ from those best practices, the foundation shall provide a written explanation for the variance. It is not the intent of this provision to modify the return-on-investment requirement stated in Part 2, Subpart B of this policy.

Date of Implementation: 09/09/09

Date of Adoption: The amendments to this policy shall be effective immediately upon adoption by the Board of Trustees except to the extent they require changes to existing contracts in which case they will be effective as soon as the contracts can be modified by amendment or renewal.