

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES**

**Agenda Item Summary Sheet**

**Committee:** Advancement

**Date of Meeting:** September 8, 2009

**Agenda Item:** Proposed Amendments to 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:**

A first reading of the initially proposed amendments to Board Policy 8.3 occurred at the July Board of Trustees Advancement Committee meeting. To accommodate suggestions from the Board and to provide additional clarity, the proposed policy was rewritten to an extent requiring a new first reading.

**Scheduled Presenter(s):**

Maria McLemore, Executive Director, System and Foundation Relations

**Outline of Key Points/Policy Issues:**

See accompanying documents

**Background Information:**

Proposed changes have been shared with individuals who served on the Affiliated Foundations Task Force.

1  
2  
3  
4  
**BOARD OF TRUSTEES**  
**MINNESOTA STATE COLLEGES AND UNIVERSITIES**

<b>BOARD ACTION</b>
Proposed Amendments to Board Policy 8.3 College, University, and System Related Foundations

5  
6  
7  
**BACKGROUND**

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

11  
12 The task force held monthly meetings from January 2009 through June 2009; proposed  
13 amendments to Board Policy 8.3 were the end results of their work. Proposed amendments to  
14 Policy 8.3 were shared with the Board of Trustees at the Board's July 2009 meeting. To  
15 accommodate suggestions from the Board, the Affiliated Foundations Task Force and the  
16 broader community, the initially proposed policy has been rewritten to an extent requiring a new  
17 first reading.

18  
19  
**RECOMMENDED COMMITTEE ACTION**

20 The Advancement Committee recommends that the Board of Trustees adopt the following  
21 motion: The Board of Trustees adopts Board Policy 8.3 as presented in the Board packet.

22  
23  
**RECOMMENDED MOTION**

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

25  
26 *Date of Implementation:* These amendments apply to any new contract with a related  
27 foundation. An existing contract with a related foundation shall be amended in accordance with  
28 these amendments at the time of any amendment to the contract or July 1, 2010, whichever is  
29 earlier.

30  
31 *Date of Adoption:* 09/09/09

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41

**BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

<b>BOARD POLICY</b>		<b>8.3</b>
Chapter	8.	College and University Relations
Section	8.3	College-, University-, and System-Related Foundations

**8.3 College-, University- and System- Related Foundations**

**Part 1. Definitions Purpose.**

~~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.~~

~~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.~~

Foundations and their board members play an important role in providing needed resources for the Minnesota State Colleges and Universities and their students, as well as creating public awareness of the important contributions made by our colleges and universities to students, their communities, and the state. This policy establishes the standards to be met in order to help ensure that the relationships between colleges, universities, the system and their supporting foundations are stable and long-term, productive and efficient, and foster the maximum support possible for the system and its colleges and universities. Colleges, universities, and the office of the chancellor must 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. Policy Definitions.**

~~**Subpart A. Related Foundation.**The chancellor and each college or university president may contract with 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. A related foundation is a private, non-profit organization whose purpose is to support a college, university, or the system 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, university, or the system is not a related foundation under this policy.~~

42 **Subpart B. Administrative Support.** ~~The contract must require that, in return for administrative~~  
43 ~~support, the foundation will contribute to the system, college, or university an amount equal to or~~  
44 ~~more than the value of the administrative support provided by the system, college, or university~~  
45 ~~to the foundation. This requirement may be waived for a limited time for new foundations or~~  
46 ~~foundations undergoing structural or mission change pursuant to the conditions set forth in~~  
47 ~~Procedure 8.3.2. Administrative support means the use of college, university, or system~~  
48 ~~employees, equipment, and facilities that are needed to carry out related foundation policies and~~  
49 ~~authorizations. The related foundation board is responsible for managing its financial resources,~~  
50 ~~including authorizing fundraising strategies, budgeting the use of funds, and establishing~~  
51 ~~investment policies.~~

53 **Subpart C. Fundraising.** ~~The term of the contract shall not exceed three years and may be~~  
54 ~~renewed at the chancellor's or a college or university president's discretion. Contracts are subject~~  
55 ~~to review and approval by the system office. Copies of contracts shall be kept on file in the~~  
56 ~~system office. Fundraising means direct solicitations, receipt of gifts, management of endowed~~  
57 ~~funds and other activities directed at raising foundation funding on behalf of the college,~~  
58 ~~university or its students.~~

60 **Subpart D.** ~~Contracts shall provide that the Office of the Legislative Auditor and MnSCU shall~~  
61 ~~have complete access to the financial records of the foundation.~~

63 **Subpart E.** ~~Subpart E. Contracts shall require that the foundation annually provide to the college~~  
64 ~~or university and the system office a copy of its most recent financial report filed with the~~  
65 ~~attorney general pursuant to Minn. Stat. Ch. 309 (see related documents below). Foundations~~  
66 ~~receiving less than \$350,000 in revenues annually shall submit a copy of an external financial~~  
67 ~~audit at least every three years.~~

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

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

### 78 **Part 4. Contracts With Related Foundations.**

79 A president or the chancellor may enter into a written contract with a related foundation to  
80 provide administrative support to the related foundation in accordance with board policy and  
81 system procedure and to allow the related foundation to use the name of the college, university,  
82 or system.

84 **Subpart A. Return of value.** The chancellor may establish the return of value ratio required for  
85 each contract with a related foundation. Before establishing the ratio for the related foundation  
86 of a college or university, the chancellor shall consult with the college or university president.

88 **Subpart B. Contract term, approval.** The term of the contract shall not exceed three years  
89 and may be renewed at the chancellor's or president's discretion. The contract is subject to review  
90 and approval by the system office. A copy of the contract shall be kept on file in the system  
91 office.

92  
93 **Subpart C. Access to information.** The contract shall provide that the Office of the Legislative  
94 Auditor and Minnesota State Colleges and Universities shall have complete access to the  
95 financial records of the related foundation.

96  
97 **Subpart D. Foundation reports.** The contract shall require that the related foundation annually  
98 provide to the college or university and the system office a report as set forth below. The  
99 chancellor shall establish the deadline for filing the report and any provision for filing extensions  
100 in system procedure. The annual report shall include the following information:

- 101  
102 1. A copy of the annual report required to be filed with the attorney general pursuant to  
103 Minnesota Statutes § 309.53. A related foundation that is not required to file audited  
104 financial statements with the attorney general pursuant to Minnesota Statutes § 309.53,  
105 Subd. 3, shall submit an audited financial statement and the information in Subpart D(2)  
106 at least once every three years.
- 107 2. Any written communication from an independent auditor that discloses any material  
108 weakness in internal controls identified in conjunction with the audit of financial  
109 statements. For any material weakness reported, the related foundation shall provide a  
110 written response which includes its explanation for accepting the risks associated with the  
111 weakness or its plans to implement corrective action.
- 112 3. A report on return of value for the prior fiscal year, including the value of administrative  
113 support received and the value returned to the college, university, or system and its  
114 students.

115  
116 **Subpart E. Ex-officio member.** The contract must provide that the president or chancellor, or  
117 their designee, serve as an ex-officio, non-voting member of the respective related foundation's  
118 governing board and of any executive or similar committee empowered to act for the governing  
119 board.

120  
121 **Subpart F. Additional conditions.** The chancellor may identify additional conditions that must  
122 be met by a related foundation in order to contract with a college, university, or the system for  
123 administrative support, if the chancellor determines that the conditions are needed to improve  
124 effectiveness, legal compliance or other factors affecting the operational viability or integrity of  
125 the related foundation. Before making the determination for the related foundation of a college  
126 or university, the chancellor shall consult with the college or university president.

127  
128 **Part 5. Annual Report.** The chancellor annually shall report to the board information for each  
129 related foundation including the dollar value of administrative support provided, the dollar value  
130 of returns to the college, university, or system or its students, information on any waiver granted  
131 under System Procedure 8.3.2, and any other information the chancellor deems appropriate.  
132

133 *Date of Implementation:* These amendments apply to any new contract with a related  
134 foundation. An existing contract with a related foundation shall be amended in accordance with  
135 these amendments at the time of any amendment to the contract or July 1, 2010, whichever is  
136 earlier.

137  
138 *Date of Adoption:* 09/09/09

139  
140 **Related Documents:**

141 [Procedure 8.3.1](#) College-, University-, and System Office-Related Foundations Procedure

142 [Procedure 8.3.2](#) Waiver to College-, University-, and System-Related Foundations Policy

143 To view the following related statute, go to the Revisor's Web site

144 (<http://www.revisor.leg.state.mn.us/>). You can conduct a search from this site by typing in  
145 the statute number.

146

- 147 • Minnesota Statute Chapter 309

148

149 Date of Implementation: 3/21/95

150 Date of Adoption: 3/21/95

151

152 Date & Subject of Revisions:

153

154 12/17/03 Changed Name to include “system-related.” Also amends Part 2, Subpart B, to  
155 temporarily waive the requirement to contribute an amount equal to the administrative support,  
156 for new foundations or those undergoing changes to the foundation’s mission, purpose or  
157 structure.

158 Click here for additional 8.3 [HISTORY](#)