Part 1. Purpose. 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 system office 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. Definitions.

Subpart A. Related 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.

Subpart B. Administrative Support. Administrative support means the use of college, university, or system 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.

Subpart C. Fundraising. Fundraising means 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.

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(e)(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. System policy and procedure establish standards to be met by foundation seeking to serve as related foundations to receive support services and recognition from colleges, universities, or the system.
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, university, or system.

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, approval. The term of the contract shall 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 shall be kept on file in the system office.

Subpart C. Access to information. The contract shall 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 shall 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 shall include the following information:

1. A copy of the annual report required to be filed with the attorney general pursuant to Minnesota Statutes § 309.53. A related foundation that is not required to file audited financial statements with the attorney general pursuant to Minnesota Statutes § 309.53, Subd. 3, shall submit an audited financial statement and the information in Subpart D(2) at least once every three years.
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 which 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, university, or the system 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 annually shall report 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 system or its students, information on any waiver granted under System Procedure 8.3.2, and any other information the chancellor deems appropriate.

Date of Adoption: 03/21/95,
Date of Implementation: 03/21/95,

Date and Subject of Revision:
11/16/11 - Effective 1/1/12, the Board of Trustees amends all board policies to change the term "Office of the Chancellor" to "system office," and to make necessary related grammatical changes.
11/18/09 - policy was rewritten, new part 1, Purpose was added, part 2, Definitions were expanded, language in parts 3, 4, and 5 were added or amended from former part 2. These amendments apply to any new contract with a related foundation. An existing contract with a related foundation shall be amended in accordance with these amendments at the time of any amendment to the contract or July 1, 2010, whichever is earlier.
12/17/03 - Changed Name to include “system-related.” Also amends Part 2, Subpart B, to temporarily waive the requirement to contribute an amount equal to the administrative support, for new foundations or those undergoing changes to the foundation’s mission, purpose or structure.
1/19/00 - Revised Part 1 and Part 2, Subpart A.
2/17/99 - Revised Subparts C and D, and added Subpart E.
2/21/96 - Subpart D was added and technical amendments were made.