



**Minnesota State Colleges and Universities
System Procedures
Chapter 8 – College & University Relations
Procedures associated with Board Policy 8.3**

8.3.1 College-, University-, and Office of the Chancellor-Related Foundations

Part 1. Purpose. The purpose of this procedure is to establish requirements that must be met by colleges, universities and the Office of the Chancellor in dealing with their related foundations. These requirements are in addition to those set forth in Board Policy 8.3.

Related foundations play an important role in providing financial support to the college or university and its students, fostering alumni relations and by highlighting and facilitating the role of the college or university as an important resource in the community and state.

To ensure that relationships between colleges and universities and their related foundations remain effective and beneficial, it is essential that each entity's roles and responsibilities are clear and that the legal separation between the public institution and nonprofit affiliate be maintained. These procedures reflect the requirements under federal and state law to maintain that legal separation. Active involvement by the college or university with its related foundation will help assure that the college or university is effectively supported by the foundation and that necessary legal and policy requirements are met.

Part 2. Contract requirements. Contracts entered into between a college, university or system office and its related foundation must be in a form approved by the Office of the Chancellor and must include the information specifically listed in policy 8.3.

Part 3. Definition of Roles.

Subpart A. Allowable Services. A college, university or the Office of the Chancellor 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, university or Office of the Chancellor 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 shall be specified in the college, university or Office of the Chancellor 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. Preparation of annual MnSCU gifts & grants report
9. Soliciting and accepting donations on behalf of the foundation
10. Handling foundation funds, including writing checks as authorized by foundation board, making deposits to foundation accounts
11. Making expenditures for day to day personal and office-related expenses authorized by foundation policy and budget directives
12. Executive director or executive secretary responsibilities consistent with this procedure.
13. Carry out policies and budget directives adopted by the foundation board
Choose and select scholarship recipients based on criteria established by the foundation board

Subpart B. Nonallowable Services. Colleges, universities and the Office of the Chancellor 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, university and Office of the Chancellor 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, university or the Office of the Chancellor shall participate as a voting member or officer of the board of directors of a college- or university- 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, university or Office of the Chancellor; and
2. The employee is employed by MnSCU less than half time or ten semester credits teaching time each year; and
3. The college, university or Office of the Chancellor 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 MnSCU employees serving as foundation board members constitutes less than a majority of a quorum of the foundation board.

Subpart D. Donations. College, university or Office of the Chancellor 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, university or Office of the Chancellor 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 foundations funds, and foundation funds shall not be commingled with college, university or Office of the Chancellor funds.

Subpart B. Expense Reimbursement. The contract between the college, university or Office of the Chancellor and its related foundation must specify which entity will reimburse assigned staff for allowable personal expenses.

Subpart C. Reporting Requirements. State universities shall file the audited financial report required under Board Policy 8.3, Part 2, subpart E with the Office of the Chancellor within three months of the close of the foundation's fiscal year. Any other filing schedule requires prior written authorization from the Office of the Chancellor.

Unless the chancellor notifies the president in writing of a different reporting deadline, state colleges shall file the reports required under Board Policy 8.3, Part 2, subpart E with the Office of the Chancellor within six months of the close of the foundation's fiscal year.

Financial statements filed shall include any management letter received by the foundation and the Internal Revenue Service Form 990.

Subpart D. Personnel Evaluation. As part of its regular performance evaluation of staff assigned to foundation-related responsibilities, the college, university or Office of the Chancellor 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.

Date of Implementation: 01/19/00,

Date of Adoption: 01/25/00,

Date and Subject of Revision:

2/18/04 - Part 4, C: Foundations: revise timeframe for financial statements to be completed for state university foundations to three months of the close of their fiscal year and for the state colleges to remain six months of the close of their fiscal year unless notified by special memorandum from the chancellor or designee.

10/10/03 – Part 2,C: Foundation Board Members: provide definitions and guidelines for college or university employees or Office of the Chancellor employees to participate as a voting member or officer of the board of directors of a college-, university-, or Office of the Chancellor-related foundation. Also technical change: changed “system office” to “Office of the Chancellor.”