



**MINNESOTA STATE**  
Board of Trustees

**AGENDA ITEM SUMMARY**

**NAME:** Outreach and Engagement Committee

**DATE:** March 18, 2025

**TITLE:** Proposed Amendment to Board Policy 8.3 College and University Related Foundations (Second Reading)

Action

Review and Discussion

*This item is required by policy*

**PRESENTERS**

Noelle Hawton, Chief Marketing and Communications Officer

Jen Dobossy, System Director of Foundation Services

**PURPOSE**

Board Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration, Part 6. Board Policies and System Procedures requires board review and approval of proposed board policy changes and that each board policy is reviewed at least once every five years.

**BACKGROUND INFORMATION**

The proposed amendments consist of:

- Adding descriptions that further define the work of advancement and include development and stewardship
- Providing additional clarity on the roles of related foundations
- Adding language that emphasizes the alignment of the college/university and related foundations' strategic work to support advancement.

A reporting requirement was amended Part 4, Subpart D as set forth in Minnesota State Procedure 8.3.1 Part 4 Subpart C for foundations that have revenues under \$750,000 in a fiscal year. This proposed revision is to provide less burdensome options in addition to an audit for those foundations, and recommended after extensive consultation with auditors and Finance Division so accountability is not comprised. They must report one of the following once every three years: an audited financial statement; a financial statements review performed by a CPA firm; or the results of agreed upon procedures with a CPA firm focused on internal controls, as specified in Operating Instruction 8.3.1.1.

**RECOMMENDED ACTION (SECOND RADING DRAFT)**

The Outreach and Engagement Committee recommends that the Board of Trustees approve the proposed amendment to Policy 8.3.

*Date Presented to the Outreach and Engagement Committee:* 3/18/25

*Date Presented to the Board of Trustees:* 3/19/25 Second reading – action taken

*Date of Implementation:* 3/19/25

## PROPOSED CHANGES (SECOND READING DRAFT)

Single underlining represents proposed new language.

Strikeouts represent existing language proposed to be removed.

## CLEAN AND MARKED-UP COPIES

### Clean Copy

#### 1 **8.3 College and University Related Foundations**

2

##### 3 **Part 1. Purpose**

4 To establish standards to be met to ensure that the relationships between colleges, universities,  
5 and their related foundations are collaborative, collegial, stable, long-term, productive, and  
6 efficient; and that those relationships are conducive to advancing the institution's mission,  
7 nurturing external relations and fostering financial support for the college, university, students,  
8 and Minnesota State. Colleges and universities shall ensure that any public resources, including  
9 employee time, that support the activities of a related foundation are used prudently and in a  
10 manner consistent with their respective missions, board policies and system procedures.

11

12 To also establish the standards to be met when a foundation supports the college or university  
13 in other activities, such as serving as a vehicle for acquiring, developing, or managing real or  
14 intangible property.

15

16 Foundations and their board members play an important role in the advancement of the  
17 colleges and universities of Minnesota State and serve to cultivate, raise, steward, and manage  
18 financial resources in support of the colleges and universities of Minnesota State and their  
19 students. Foundations also serve a critical role in creating public awareness of the important  
20 contributions our colleges and universities make to students, their communities, and the state.  
21 Foundations play a central role in the coordination, solicitation, acceptance, acknowledgment  
22 and stewardship of donations to the college or the university.

23

##### 24 **Part 2. Definitions**

25

##### 26 **Related Foundation**

27 A private, non-profit organization created specifically for the purpose of supporting a college or  
28 university through development, fundraising and other related activities and recognized by a  
29 written contract between the college/university and foundation. (An organization whose  
30 primary purpose is other than fundraising for a college or university is not a related foundation  
31 under this policy).The related foundation board is responsible for managing the foundation's  
32 financial resources, including authorizing fundraising strategies, budgeting the use of funds, and  
33 establishing investment policies.

34

##### 35 **Administrative Support Services**

36 The use of public resources, including but not limited to college or university employees,  
37 equipment, facilities, etc., needed to carry out foundation operations, policies and  
38 authorizations. Administrative support services may include but are not limited to staff  
39 time, equipment, facilities, etc.

40

41 **Advancement**

42 The overarching plan for moving a college or university forward through a comprehensive  
43 approach which includes fundraising, constituent relationships, marketing and  
44 communications, and other functions.

45

46 **Development**

47 Development is a facet of the advancement process focused on connecting donors to the  
48 college or university's mission in a way that is relevant. Development is designed to raise  
49 resources and contribute to overall advancement efforts.

50

51 **Fundraising**

52 The organized activity of raising funds, which includes the direct solicitation, receipt of gifts,  
53 management of endowed funds, and other activities directed at seeking private support in  
54 support of the college or university strategic goals.

55

56 **Stewardship**

57 The process of building long-term relationships with donors to encourage their ongoing  
58 support. Stewardship involves managing gifts as intended by the donors to be used,  
59 updating donors on the progress and impact of their gifts, easing donors into the cultivation  
60 process by keeping them involved with the college or university and inspiring donors to give  
61 on an ongoing basis. Stewardship has the expectation to create a long-term, mutually  
62 beneficial relationship focused on meeting donors' gift intentions that are aligned with the  
63 needs of the college or university.

64

65 **Part 3. Organization of Related Foundations**

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

73

74 **Part 4. Contracts With Related Foundations**

75 A college/university president shall enter into a written contract with a related foundation to  
76 provide administrative support services to the related foundation in accordance with board  
77 policy and system procedure and to allow the related foundation to use the name of the college  
78 or university. Colleges and universities have discretion to determine the amount of  
79 administrative support services it provides to the related foundation during each contract term.

80

81 **Subpart A. Return of value**

82 The chancellor may establish a return of value ratio required for each contract with a  
83 related foundation. Before establishing the ratio for the related foundation of a college or  
84 university, the chancellor shall consult with the college or university president.

85

86 **Subpart B. Contract term and approval**

87 A contract must be in place between the foundation and the college or university. The term  
88 of the contract must not exceed three years and may be renewed at the chancellor's or  
89 president's discretion. The contract is subject to review and approval by Minnesota State. A  
90 copy of the contract must be kept on file in the system office.

91

92 **Subpart C. Access to information**

93 The contract must provide that the Office of the Legislative Auditor and Minnesota State  
94 shall have complete access to the financial records of the related foundation.

95

96 **Subpart D. Foundation reports**

97 The contract must require that the related foundation annually provide to the college or  
98 university and the system office a report as set forth in Minnesota State Procedure 8.3.1  
99 Part 4 Subpart C. The chancellor shall establish the deadline for filing the report and any  
100 provision for filing extensions in system procedure.

101

102 **Subpart E. Ex-officio member**

103 The contract must provide that the president or chancellor, or their designee, serve as an  
104 ex-officio, non-voting member of the respective related foundation's governing board and  
105 of any executive or similar committee empowered to act for the governing board.

106

107 **Subpart F. Additional conditions**

108 The chancellor may identify additional conditions that must be met by a related foundation  
109 in order to contract with a college or university for administrative support services, if the  
110 chancellor determines that the conditions are needed to improve effectiveness, legal  
111 compliance, or other factors affecting the operational viability or integrity of the related  
112 foundation. The chancellor shall consult with the college or university president about such  
113 additional conditions.

114

115 **Part 5. Annual Report**

116 The chancellor shall report annually to the board information for each related foundation  
117 including the dollar value of administrative support services provided; the dollar value of  
118 returns to the college, university, or its students; information on any waiver granted under  
119 System Procedure 8.3.2; and any other information the chancellor deems appropriate.

120

121 **Part 6. Other Developmental Support**

122

123 **Subpart A. Real property supporting a college or university**

124 The president is responsible for communicating the college or university goals and priorities  
125 to its related foundation regarding its comprehensive facilities plans. Any agreement  
126 between the related foundation and the president for real property must be in writing and  
127 shall adhere to board policies related to real estate and contracts, including Board Policy 6.7  
128 and related procedures.

129

130 **Subpart B. Conveying property to a college or university**

131 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.

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**Related Documents:**

- [Procedure 8.3.1](#) College-and University Related Foundations
- [Procedure 8.3.2](#) Waiver to College and University Related Foundations Policy

To view any of the following related statutes, go to the [Revisor's Office website](#). You can conduct a search from this site by typing in the statute number.

- Minn. Stat. Ch. 309 Social and Charitable Organizations
- 

**Policy History:**

**Date of Implementation:** 3/21/95

**Date of Adoption:** 3/21/95

**Date of Last Review:** 3/21/18

**Date & Subject of Amendments:**

XX/XX/XX – Full review. Added the descriptions that further define the work of advancement and included development and stewardship. Clarified the roles of related foundations. Added language that emphasizes the alignment of the college/university and related foundations' strategic work to support advancement.

3/21/18 - 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](#)**

MINNESOTA STATE  
POLICY DISCUSSION DOCUMENT  
1.14.25

PROPOSED AMENDMENT TO POLICY 8.3 COLLEGE AND UNIVERSITY RELATED FOUNDATIONS

Marked-up Copy

Single Strikethrough – proposed deletion of current language

Single Underlining – proposed new language

133 **8.3 College and University Related Foundations**

134

135 **Part 1. Purpose**

136 To establish ~~the~~ standards to be met ~~in order to help~~ ensure that the relationships between  
137 colleges, universities, and their ~~related supporting~~ foundations are collaborative, collegial,  
138 stable, long-term, productive, and efficient; and that those relationships are conducive to  
139 advancing the institution's mission, nurturing external relations and fostering ~~the maximum~~  
140 financial support ~~possible~~ for the college, university, students and Minnesota State ~~the system~~  
141 ~~and its colleges and universities.~~ Colleges and universities shall ensure that any public  
142 resources, including employee time, which support the activities of a related foundation are  
143 used prudently and in a manner consistent with their respective missions, board policies, and  
144 system procedures.

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146 To also establish the standards to be met when a foundation supports the college or university  
147 in other activities, such as serving as a vehicle for acquiring, developing, or managing real or  
148 intangible property.

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150 Foundations and their board members play an important role in the advancement of the  
151 colleges and universities of Minnesota State and serve to cultivate, raise, steward, and manage  
152 providing financial needed resources in support of ~~for~~ the colleges and universities of  
153 Minnesota State ~~colleges and universities~~ and their students. Foundations also serve a critical  
154 role in, as well as in creating public awareness of the important contributions our colleges and  
155 universities make to students, their communities, and the state. ~~Colleges and universities shall~~  
156 ~~ensure that any public resources, including employee time, which support the activities of a~~  
157 ~~related foundation are used prudently and in a manner consistent with their respective~~  
158 ~~missions, board policies, and system procedures.~~ Foundations play a central role in the  
159 coordination, solicitation, acceptance, acknowledgment, and stewardship of donations to the  
160 college or the university.

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162 **Part 2. Definitions**

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164 **Subpart A. Related Foundation**

165 A private, non-profit organization created specifically for the purpose of ~~whose purpose is~~  
166 ~~to supporting~~ a college or university through development, fundraising, and other related  
167 activities and ~~officially established and recognized by~~ via a written contract between the  
168 college/university and foundation. ~~and is officially recognized by the president or chancellor~~  
169 ~~through a written contract.~~ (An organization whose primary purpose is other than

170 fundraising for a college or university is not a related foundation under this policy). The  
171 related foundation board is responsible for managing its the foundation's financial  
172 resources, including authorizing fundraising strategies, budgeting the use of funds, and  
173 establishing investment policies.

#### 174 **Subpart B. Administrative Support Services Support**

175 The use of public resources, including but not limited to college or university employees,  
176 equipment, and facilities, etc. that are needed to carry out related foundation policies and  
177 authorizations. Administrative support services may include, but are not limited to staff  
178 time, equipment, facilities, etc.

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182 ~~authorizing fundraising strategies, budgeting the use of funds, and establishing investment~~  
183 ~~policies.~~

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186 approach which includes fundraising, constituent relationships, marketing and  
187 communications, and other functions.

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190 college or university's mission in a way that is relevant. Development is designed to raise  
191 resources and contribute to overall advancement efforts.

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195 ~~D~~irect solicitations, receipt of gifts, management of endowed funds, and other activities  
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197 support of the college or university, or its students strategic goals.

#### 198 **Stewardship**

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201 support. Stewardship involves managing gifts as intended by the donors to be used,  
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216 support services and recognition from colleges and universities.

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

219 A college/university president ~~or the chancellor may shall~~ enter into a written contract with a  
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221 equipment, facilities, etc) to the related foundation in accordance with board policy and system  
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224 services it provides to the related foundation during each contract term.

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235 the system office. A copy of the contract must be kept on file in the system office.

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240 foundation.

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##### 242 **Subpart D. Foundation reports**

243 The contract must require that the related foundation annually provide to the college or  
244 university and the system office a report as set forth in Minnesota State Procedure 8.3.1  
245 Part 4 Subpart C below. The chancellor shall establish the deadline for filing the report and  
246 any provision for filing extensions in system procedure. ~~The annual report must include the~~  
247 ~~following information:~~

248 • ~~A copy of the annual report required to be filed with the attorney general pursuant to~~  
249 ~~Minn. Stat. § 309.53. A related foundation that is not required to file audited financial~~  
250 ~~statements with the attorney general pursuant to Minn. Stat. § 309.53, Subd. 3, shall submit~~  
251 ~~an audited financial statement and the information in Subpart D(2) at least once every three~~  
252 ~~years. The chancellor, or the chancellor's designee, may waive the audit requirement if the~~  
253 ~~foundation has less than \$75,000 in assets at the end of the current fiscal year. The request~~  
254 ~~for waiver must be sent, in writing, to the Minnesota State Director of Financial Reporting~~  
255 ~~and approved by the chancellor, or the chancellor's designee, prior to the deadline for filing.~~

256 1. ~~Any written communication from an independent auditor that discloses any material~~  
257 ~~weakness in internal controls identified in conjunction with the audit of financial~~  
258 ~~statements. For any material weakness reported, the related foundation shall provide a~~  
259 ~~written response that includes its explanation for accepting the risks associated with the~~  
260 ~~weakness or its plans to implement corrective action.~~

261 ~~2.—A report on return of value for the prior fiscal year, including the value of administrative-~~  
262 ~~support received and the value returned to the college, university, or system and its-~~  
263 ~~students.~~

#### 264 **Subpart E. Ex-officio member**

265 The contract must provide that the president or chancellor, or their designee, serve as an  
266 ex-officio, non-voting member of the respective related foundation’s governing board and  
267 of any executive or similar committee empowered to act for the governing board.  
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271 in order to contract with a college or university for administrative support services, if the  
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274 foundation. ~~Before making the determination for the related foundation of a college or-~~  
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277

### 278 **Part 5. Annual Impact Report**

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#### 292 **Subpart B. Conveying property to a college or university**

293 Before accepting any real property from a Related Foundation, the board shall require its  
294 own due diligence under current system real estate policy and procedure.  
295

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#### 296 **Related Documents:**

- 297 • [Procedure 8.3.1](#) College- and, University- , ~~and System-Office~~-Related Foundations Procedure
- [Procedure 8.3.2](#) Waiver to College- , and University- , ~~and System~~-Related Foundations Policy

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Minn.~~esota~~-Stat.~~ute~~ Ch.~~apter~~ [309 Social and Charitable Organizations](#)

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