



MINNESOTA STATE
Board of Trustees

AGENDA ITEM SUMMARY

NAME: Outreach and Engagement

DATE: January 28, 2025

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

Action

Review and Discussion

This item is required by policy

PRESENTERS

Noelle Hawton, Chief Marketing and Communication 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 (FIRST READING 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: 1/28/25

Date Presented to the Board of Trustees: First reading – no action taken.

Date of Implementation: TBD

PROPOSED CHANGES (FIRST READING DRAFT)

Single underlining represents proposed new language.

Strikeouts represent existing language proposed to be removed.

CLEAN AND MARKED-UP COPIES

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1 **8.3 College and University Related Foundations**

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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.

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121 **Part 6. Other Developmental Support**

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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.

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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.

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

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Single Strikethrough – proposed deletion of current language

Single Underlining – proposed new language

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137 and their related foundations are collaborative, collegial, stable, long-term, productive, and
138 efficient; and that those relationships are conducive to advancing the institution’s mission,
139 nurturing external relations and fostering financial support for the college, university, students
140 and Minnesota State. Colleges and universities shall ensure that any public resources, including
141 employee time, which support the activities of a related foundation are used prudently and in a
142 manner consistent with their respective missions, board policies, and system procedures.
143 To also establish the standards to be met when a foundation supports the college or university
144 in other activities, such as serving as a vehicle for acquiring, developing, or managing real or
145 intangible property.

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147 Foundations and their board members play an important role in the advancement of the
148 colleges and universities of Minnesota State and serve to cultivate, raise, steward, and manage
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151 contributions our colleges and universities make to students, their communities, and the state.
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