



MINNESOTA STATE
Board of Trustees

AGENDA ITEM SUMMARY

NAME: Marketing & Communications

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

Clean Copy

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.

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24 **Part 2. Definitions**

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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.

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Advancement

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

Development

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

Fundraising

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

Stewardship

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

Part 3. Organization of Related Foundations

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(c)(3). The governance of a related foundation is the sole responsibility of its board of directors; the related foundation must be maintained as a legal entity separate from Minnesota State and its colleges and universities. Board policy and system procedure establish standards to be met by foundations seeking to serve as related foundations to receive support services and recognition from colleges and universities.

Part 4. Contracts With Related Foundations

A college/university president shall enter into a written contract with a related foundation to provide administrative support services 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 or university. Colleges and universities have discretion to determine the amount of administrative support services it provides to the related foundation during each contract term.

Subpart A. Return of value

The chancellor may establish a 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.

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.

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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.

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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.

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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.

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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.

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.

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.

145

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.

149

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.

180
181 ~~The related foundation board is responsible for managing its financial resources, including~~
182 ~~authorizing fundraising strategies, budgeting the use of funds, and establishing investment~~
183 ~~policies.~~

184 **Advancement**

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

188 **Development**

189 Development is a facet of the advancement process focused on connecting donors to the
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.

192 **Subpart C. Fundraising**

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194 The organized activity of raising funds, which includes the
195 ~~D~~irect solicitations, receipt of gifts, management of endowed funds, and other activities
196 directed at raising foundation funding on behalf on behalfo seeking philanthropic support in
197 support of the college or university, or its students strategic goals.

198 **Stewardship**

199
200 The process of building long-term relationships with donors to encourage their ongoing
201 support. Stewardship involves managing gifts as intended by the donors to be used,
202 updating donors on the progress and impact of their gifts, easing donors into the cultivation
203 process by keeping them involved with the college or university and inspiring donors to give
204 on an ongoing basis. Stewardship has the expectation to create a long-term, mutually
205 beneficial relationship focused on meeting donors' gift intentions that are aligned with the
206 needs of the college or university.

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

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209 A related foundation must be legally incorporated as a nonprofit corporation under Minnesota
210 law, in good standing, and must be qualified as a tax-exempt charitable organization under 26
211 U.S.C. 501(c)(3). The governance of a related foundation is the sole responsibility of its board of
212 directors; ~~and~~ the related foundation must be maintained as a legal entity separate from
213 Minnesota State and its cColleges and uUniversities. Board policy and system procedure
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215 establish standards to be met by foundations seeking to serve as related foundations to receive
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
220 related foundation to provide administrative support services (including but not limited to staff,
221 equipment, facilities, etc) to the related foundation in accordance with board policy and system
222 procedure and to allow the related foundation to use the name of the college or university.
223 Colleges and universities have discretion to determine the amount of administrative support
224 services it provides to the related foundation during each contract term.

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226 **Subpart A. Return of value**

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228 related foundation. Before establishing the ratio for the related foundation of a college or
229 university, the chancellor shall consult with the college or university president.

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

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

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237 **Subpart C. Access to information**

238 The contract must provide that the Office of the Legislative Auditor and Minnesota State
239 ~~Colleges and Universities~~ shall have complete access to the financial records of the related
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
265 **Subpart E. Ex-officio member**

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

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270 **Subpart F. Additional conditions**

271 The chancellor may identify additional conditions that must be met by a related foundation
272 in order to contract with a college or university for administrative support services, if the
273 chancellor determines that the conditions are needed to improve effectiveness, legal
274 compliance, or other factors affecting the operational viability or integrity of the related
275 foundation. ~~Before making the determination for the related foundation of a college or~~
276 ~~university, t~~he chancellor shall consult with the college or university president t about such
277 additional conditions.

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279 **Part 5. Annual Impact Report**

280 The chancellor shall report annually to the board information for each related foundation
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289 to its ~~R~~related ~~F~~oundation regarding its comprehensive facilities plans. Any agreement
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291 writing and shall adhere to board policies related to real estate and contracts, including
292 Board ~~p~~Policy 6.7 and related procedures.

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

295 Before accepting any real property from a ~~R~~related ~~F~~oundation, the board shall require its
296 own due diligence under current system real estate policy and procedure.

297

Related Documents:

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

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