



Policy Series #: 8000 – College Relations
Policy Manager: Steve Bowron
Riverland Community College Related Foundation Policy

Purpose: The Riverland Community College Foundation and their board members play an important role in providing needed resources to Riverland students and programs. This policy establishes the standards to be met in order to help ensure that the relationships between Riverland Community College (RCC), the system and the Riverland Community College Foundation (RCCF) are stable and long-term, productive and efficient, and foster the maximum support possible. This policy helps to ensure the public resources, including employee time, which support the activities of the foundation are used prudently and in a manner consistent with the RCC Mission, board policies and system procedures. Riverland Community College adopts MNSCU Board Policy 8.3 as its College-, University- and System-Related Foundations policy and Procedure 8.3.1 College-, University-, and System Office-Related Foundations Procedure and Procedure 8.3.2 Waiver to College-, University-, and System-Related Foundations

Applicability: **8.3 College, University and System Related Foundations**

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.

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 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.

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

Related Documents:

Procedure 8.3.1 College, University, and System Office-Related Foundations Procedure

Procedure 8.3.2 Waiver to College, University, and System-Related Foundations Policy

To view the following related statute, go to the Revisor's Web site <http://www.revisor.leg.state.mn.us/> You can conduct a search from this site by typing in the statute number, Minnesota Statute Chapter 309.

**Date of Implementation: 3/21/95. Date of Adoption: 3/21/95.
Date & Subject of Revisions: 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.**

Definitions (if needed): 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.

Links to other policies/ procedures/plans:

Procedure 8.3.1 College-, University-, and System Office-Related Foundations Procedure for Board Policy 8.3

Part 1. Purpose.

The purpose of this procedure is to establish requirements that must be met by colleges, universities and the system office 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 system office and must include the information specifically listed in policy 8.3.

Part 3. Definition of Roles

A. Allowable Services. A college, university or the system office 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 system office 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 system office 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

B. Nonallowable Services.

Colleges, universities and the system office 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 system office 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

C. Foundation Board Members.

Except as provided below, no employee of a college, university or the system office 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 system office; 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 system office 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.

D. Donations.

College, university or system office 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.

E. Handling Foundation Funds.

No college, university or system office 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.

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 system office funds.

B. Expense

Reimbursement. The contract between the college, university or system office and its related foundation must specify which entity will reimburse assigned staff for allowable personal expenses.

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

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 system office 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.

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

Related Documents:

Procedure History: **Date of Adoption: 01/19/00, Date of Implementation: 01/25/00, Date & Subject of Revisions:** 1/25/12 - The Chancellor amends all current system procedures effective February 15, 2012, to change the term "Office of the Chancellor" to "system office" or similar term reflecting the grammatical context of the sentence.

[Click here for additional HISTORY for 8.3.Procedure 8.3.2 Waiver to College-, University-, and System-Related Foundations for Board Policy 8.3](#)

Part 1. Purpose. The purpose of this procedure is to establish criteria for waivers from Board Policy 8.3, Part 2, Subpart B, which requires that, in return for administrative support, foundations must contribute to the system, college, or university an amount equal to or more than the value of the administrative support provided by the system, college, or university to the foundation.

The foundations play an important role in building good will and providing financial support for the colleges, universities and the system. It is recognized that the foundations provide tangible and intangible value to the colleges, universities and the system by building community support; by promoting the colleges, universities and system to varied audiences including alumni, community

members, prospective students, current students, faculty and staff; and by conducting activities that enhance the reputations of the institutions and the system. While it is expected that foundation financial contributions to the system, college or university will equal or exceed the cost of support provided to the foundation, it is recognized that new foundations or foundations undergoing structural or mission change may have difficulty meeting this financial expectation in the early stages of growth or change.

Part 2. Waiver Requests.

The chancellor or the chancellor's designee may grant a temporary waiver to Board Policy 8.3, Part 2, Subpart B in cases where a new foundation is being formed, or where a foundation is changing its mission, purpose or structure, in order to assist the foundation in building its capacity to provide financial support to the college, university, or system.

To be eligible for a waiver, a college, university or system must submit in writing:

- a. A request that clearly states the reason for the waiver, signed by the president or chair of the foundation's board of directors and by the president or chancellor of the college, university, or system, or the president or chancellor's designee;
- b. A plan with clearly articulated, formally adopted fund-raising goals for the period for which the waiver is requested and the strategies and tactics that will be used to achieve the goals;
- c. A budget that shows the financial value of the services that will be provided by the college, university, or system to the foundation and the expected contribution from the foundation to the college, university or system in each year for which the waiver is requested.

The waiver request for a college or university may be granted, in writing, upon a determination by the chancellor or the chancellor's designee that the request is reasonable and that the plan and budget are adequate to achieve the stated goals. If a waiver is requested by the system, the determination shall be made by the Board of Trustees. Upon such approval, the contract between the college, university or system and the foundation must be amended in accordance with the modified requirements.

Part 3. Conditions.

A waiver may be granted for no more than three consecutive years. Waivers from Board Policy 8.3, Part 2, Subpart B may be granted to a college, university or system for no more than three years in a 10-year period.

Once a waiver is granted, the college, university, or system must submit quarterly reports to the system office on progress toward meeting the goals.

If a requested waiver is denied, the college, university, or system must reduce the administrative support provided to the foundation to an amount that brings the institution into compliance with Board Policy 8.3, Part 2, Subpart B.

Related Documents:

Procedure History: **Date of Adoption: 01/09/04, Date of Implementation: 01/09/04,**
Date & Subject of Revisions: 1/25/12 - The Chancellor amends all current system procedures effective February 15, 2012, to change the term "Office of the Chancellor" to "system office" or similar term reflecting the grammatical context of the sentence.

There is no additional HISTORY for 8.3.2 at this time.

Date of Initial Review by President's Cabinet: 1/17/2013
AASC Review (if applicable):
FSGC Review (if applicable): 3/13/2013
Date of Final Approval / Policy Adoption: 3/14/2013
Date & Subject of Revisions: