

 MINNESOTA STATE UNIVERSITY MANKATO

FOUNDATION

Bylaws and Policies

of

Minnesota State University Mankato Foundation, Inc.

May 17, 2024

 MINNESOTA STATE UNIVERSITY MANKATO
FOUNDATION

TABLE OF CONTENTS

Bylaws of the Foundation Board

Article 1. Bylaws of the Minnesota State University Mankato Foundation pg. 4

Policies of the Foundation Board

Article 2. Governance Policy

2.1 Administrative Policy pg. 12
2.2 Authority to Conduct Business Policy pg. 13
2.3 Committees of the Foundation Board Policy pg. 14
2.4 Responsibilities of the Officers of the Board Policy pg. 26
2.5 Operations Policies pg. 31
2.6 Board Finances and Spending Policy pg. 35

Article 3. Ethics and Accountability

3.1 Mission Statement pg. 43
3.2 Conflict of Interest Policy and Conflict of Interest Disclosure Form. pg. 44
3.3 Confidentiality Policy pg. 50
3.4 Accessing Database Information Policy and Guidelines pg. 53
3.5 Document Retention and Destruction Policy pg. 56
3.6 Whistleblower Policy pg. 57
3.7 Review and Revision of Documents and Policies pg. 60
3.8 External Audit Policy..... pg. 61

Article 4. Fundraising and Development

4.1 Gift Acceptance Policy..... pg. 64
4.2 Fundraising Policy pg. 87
4.3 Naming and Un-Naming Policy pg. 89
4.4 Scholarships Policy and Guidelines..... pg. 94
4.5 Joint Venture Policy..... pg. 96

Article 5. Endowment Policy pg. 99

Article 6. Investment Policy

6.1 Investment Policy Statement (IPS)..... pg. 105
6.2 Outside Chief Investment Officer (OCIO) Partnership Policy pg. 120
6.3 Maverick Student Investment Fund pg. 122

Appendix A: Articles of Incorporation.....pg. 126

Appendix B: IRS Determination (501(c)3) Letterpg. 134

Appendix C: Standard Contract Agreement 2024 -2027pg. 136

Appendix D: Guide to MN Charities Laws (UPMIFA)pg. 146

Appendix E: Association of Fundraising Professionals Ethical Standardspg. 170

Appendix F: Council for the Support and Advancement of Education Statement of Ethics ...pg. 171

Appendix G: The Donor Bill of Rights pg. 172



BYLAWS
OF
MINNESOTA STATE UNIVERSITY, MANKATO
FOUNDATION, INC.



ARTICLE I

Bylaws of the Minnesota State University Mankato
Foundation, Inc.

Policies of the Foundation Board

**BYLAWS
OF
MINNESOTA STATE UNIVERSITY, MANKATO FOUNDATION, INC.**

**ARTICLE I
OFFICES, CORPORATE SEAL**

Section 1.01. Registered Office. The registered office of the MINNESOTA STATE UNIVERSITY, MANKATO FOUNDATION, INC. (the “Corporation”) located in Minnesota shall be that as set forth in the Articles of Incorporation, or in the most recent amendment of the Articles of Incorporation, or in the most recent statement filed with the Secretary of State of Minnesota changing the registered office.

Section 1.02. Other Offices. This Corporation may have such other offices, within or without the State of Minnesota, as the Board of Directors of this Corporation (“Board”) may from time to time determine.

Section 1.03. Corporate Seal and Symbol. This Corporation has a corporate seal that is circular in form bearing the words, “Minnesota State University, Mankato Foundation, Inc.” A foundation symbol may be adopted by the board.

**ARTICLE II
NO MEMBER**

This corporation shall have no members.

**ARTICLE III
BOARD OF DIRECTORS**

Section 3.01 General Powers. The property, business, and affairs of this Corporation shall be managed by or under the direction of the Board.

Section 3.02. Number, Qualifications, Term of Officer, and Election. The Board shall consist of such number of directors as may be determined by the Board, but shall always be at least three (3) with a stated goal of twenty (24). The Board has the right to appoint the directors of this Corporation. Directors must be natural persons and must be adults. Each director shall hold office for a term of three (3) years, renewable for up to three terms. The terms shall be staggered so that each year approximately one third of the directors are up for election/re-election and shall hold office through the adjournment of the meeting at which successor directors are elected, and until a successor is elected and qualified, or until the earlier death, resignation, or removal of the director.

Section 3.03. Resignation. A director may resign at any time by giving notice to this Corporation. The resignation of a director is effective without acceptance when the notice is

given to this Corporation, unless a later effective time is specified in the notice. Written notice or an electronic communication may satisfy the notice requirement.

Section 3.04. Removal of Directors. A director may be removed at any time, with or without cause, only upon the affirmative vote of the Board (not including the vote of the director being removed).

Section 3.05. Vacancies. Any vacancy in the Board caused by death, resignation, removal, an increase in the number of directors, expiration of term, or any other cause, shall be filled by affirmative vote of the Board. The term of the director filling the vacancy shall expire at the end of the next annual meeting at which directors are to be elected.

Section 3.06. Conflicts of Interest. It shall be the policy of this Corporation that all directors, officers, and committee members of this Corporation shall scrupulously avoid any conflict between their own respective individual interests and the interests of this Corporation in any and all actions taken by them on behalf of this Corporation in their representative capacities. All directors, officers, and committee members shall comply with the Conflict of Interest Policy approved by the Board, as it is amended from time to time, and shall annually acknowledge receiving the Conflict of Interest Policy.

ARTICLE IV OFFICERS

Section 4.01. Number and Qualifications. The officers of this Corporation shall be a Board Chair, one or more Vice-Chairs if elected by the Board, a Secretary, a Treasurer, and such other officers as may be elected by the Board from among the directors. Any number of offices may be held by the same person. Officers shall be natural persons.

Section 4.02. Election and Term of Office. Officers shall be elected annually by the Board, and, except in the case of officers appointed in accordance with the provisions of Section 4.10, each shall hold office until the next annual election of officers and until a successor is elected and qualified, or until the earlier death, resignation, or removal of the officer. Except in the case of a Director actively serving in the role of Chair, the term of any officer who is a director shall end at any time that said officer is no longer a director of this Corporation. While in service as Board Chair, the Director may serve, regardless of term end, for a period of two years.

Section 4.03. Resignations. Except as otherwise provided in an employment contract, if applicable, an officer may resign by giving notice to this Corporation. The resignation is effective without acceptance when the notice is given to this Corporation, unless a later effective date is named in the notice. Notice provided in writing or by an electronic communication may satisfy the notice requirement.

Section 4.04. Removal. An officer may be removed, with or without cause, by a resolution of the majority of directors adopted by the Board.

Section 4.05. Vacancies. A vacancy in an office because of death, resignation, removal, or any other cause shall be filled for the unexpired part of the term in the manner prescribed in these Bylaws for election to such office.

Section 4.06. Board Chair. The Board Chair shall: (a) have general active management of the business of this Corporation; (b) when present, preside at meetings of the Board; (c) see that orders and resolutions of the Board are carried into effect; (d) sign and deliver in the name of this Corporation deeds, mortgages, bonds, contracts, or other instruments pertaining to the business of this Corporation, except in cases in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated by the Articles of Incorporation or Bylaws or by the Board to another officer or agent of this Corporation; and (e) perform such other duties as may from time to time be prescribed by the Board.

Section 4.07. Vice Chair. In the absence of the Board Chair, or in the event of his/her inability or refusal to act, the Vice Chair (or in the event there be more than one Vice Chair, the Vice Chair in the order of their election) shall perform the duties of the Board Chair, and when so acting, shall have all the powers of and be subject to all of the restrictions of the Board Chair. The Vice Chair shall continue to perform such other duties as shall from time to time be assigned by the Board.

Section 4.08. Secretary. The Secretary shall: (a) maintain, or provide for the maintenance of records of and, when necessary, certify proceedings of the Board; (b) when directed to do so, give proper notice of meetings of the Board; and (c) perform such other duties as may from time to time be prescribed by the Board or by the President.

Section 4.09. Treasurer. The Treasurer, working with University Advancement staff, and the Committees shall: (a) keep accurate financial records for this Corporation; (b) deposit money, drafts, and checks in the name of and to the credit of this Corporation in the banks and depositories designated by the Board; (c) disburse corporate funds and issue checks and drafts in the name of this Corporation, as ordered by the Board; (d) upon request, provide the Chair and the Board an account of transactions by the Treasurer and of the financial condition of this Corporation; and (e) perform such other duties as may from time to time be prescribed by the Board or by the Chair.

Section 4.10. Other Officers. This Corporation may have such other officers and agents as the Board considers necessary for the operation and management of this Corporation, each of whom shall have the powers, rights, duties, responsibilities, and terms in office as may be determined by resolution of the Board.

Section 4.11. Ex-Officio. Ex-Officio: No employee of Minnesota State University, Mankato shall be a voting member of the Board of Directors, but such individuals may be permitted to serve as ex-officio members of the Board of Directors. The individuals occupying the following offices shall be ex-officio Directors of the Foundation:

- President of the University
- Executive Director of Corporation/Vice President for University Advancement
- Vice President for Finance & Administration
- President of the University Alumni Association Board

Section 4.12. Executive Director: The executive director is hired by the University and carries the University title of Vice President for University Advancement. The executive director has day-to-day responsibilities for the organization, including carrying out the organization's goals and policies. The executive director will attend all board meetings, report on the progress of the Foundation, answer questions of the Board of Directors and carry out the duties described in the job description.

Section 4.13. Delegation. Unless prohibited by a resolution adopted by the Board, an officer may delegate some or all the duties and powers of an office.

ARTICLE V COMMITTEES

Section 5.01. Committees. The Board may act by and through such committees as may be specified in resolutions approved by a majority of the total number of directors. The committees facilitate most of the essential functions of the board through recommendations to the full board for approval, unless specifically authorized by the board to take independent action.

Section 5.02. Procedures. The general procedures specified within Article VI apply to committees and members of committees to the same extent as those sections apply to the Board and directors. Each committee shall prepare minutes of its meetings and shall furnish such minutes to the Board and to members of the committee.

ARTICLE VI MEETINGS

Section 6.01. Time, Place and Manner of Meetings. The Board may hold its meetings at such time and place, and in such manner as may be designated by the Board Chair. If the Board fails to select a place for a meeting or to specify that the meeting will be conducted through means of remote communication, the meeting shall be held at the registered office.

Section 6.02. Meetings Conducted Through Means of Remote Communication. The Board may specify that a meeting will be conducted solely through one or more means of remote communication, provided that notice is given, and that the quorum requirements are met. Remote communication includes any communication that is accomplished by means of electronics, telephone, video, or internet conferencing, or such other means through which persons not physically present in the same location may communicate with each other on a

substantially simultaneous basis. Participation in a meeting through a form of remote communication that is authorized by the Board constitutes personal presence at the meeting.

Section 6.03. Annual Meeting. The annual meeting of the Board shall be held each year at such time and place and in such manner as the board may determine, for the purpose of electing directors and officers and for the transaction of such other business as shall come before the meeting.

Section 6.04. Regular Meetings. Regular meetings of the Board shall be held from time to time, and at least once annually, at such times and places and in such manner as the board may determine.

Section 6.05. Special Meetings. Special meetings of the Board shall be held whenever called by the Board Chair or by the majority of the directors, and shall be held at such times and places and in such manner as the board may determine.

Section 6.06. Notice. Notice of a meeting shall be provided to each director, addressed to the director at his or her residence or usual place of business at least five (5) business days before the day on which the meeting is to be held. Notice may be delivered personally or by telephone, facsimile transmission, or electronic communication, provided, however, notice need not be given if the date, time and place of the meeting were announced at a previous meeting of the Board. The notice shall state the time, place and manner of the meeting, but need not state the purposes thereof. Notice will be deemed waived by any director who attends the meeting in person or participates in the meeting via remote communication, unless the director objects at the beginning of the meeting that the meeting is not lawfully called or convened and does not participate in the meeting. Notice also may be deemed waived if the director consents to such waiver of notice in writing or by electronic communication, before, after or during the meeting.

Section 6.07. Action Without Meeting. Any action that may be taken at a meeting of the Board may be taken without a meeting when authorized in a written action signed or consented to in an electronic communication by all of the directors.

ARTICLE VII QUORUM AND VOTING

Section 7.01. Quorum. Except as otherwise provided by statute or by these Bylaws, a majority of the total number of directors then in office shall be required to constitute a quorum for the transaction of business at any meeting. The act of a majority of the directors at any duly held meeting at which a quorum is present shall be the act of the Board. The majority of appointed committee members determines a committee quorum. Each director is entitled to one (1) vote on all matters requiring director approval. In the absence of a quorum, a majority of the directors that are present may adjourn a meeting from time to time until a quorum is present. Notice of any adjourned meeting need not be given, other than by announcement at the meeting at which adjournment is taken. If a quorum is present when a duly called or held meeting is convened, the directors present may continue to transact business until adjournment, even though

the withdrawal of directors originally present leaves less than the number otherwise required for a quorum; provided, however, that the affirmative vote of a majority of the required quorum is required to take any action other than adjournment.

Section 7.02. Proxy Voting. Proxy voting shall not be permitted.

**ARTICLE VIII
RECORDS AND COMMUNICATIONS**

Section 8.01. Electronic Records and Signatures. This Corporation recognizes that authenticated electronic communications may legally satisfy written record and signature requirements necessary for valid records, signatures, and contracts. Authenticated communications are those communications that set forth information from which this Corporation can reasonably conclude that the communication was sent by the purported sender and are delivered to the principal place of business of this Corporation, or to an officer or agent of this Corporation who is authorized by this Corporation to receive the communication. Electronic records are records that are created, generated, sent, communicated, received or stored by electrical, digital, magnetic, wireless, optical, electromagnetic or similar technologies. Valid electronic signatures are those that are expressed through an electronic sound, symbol or process, and that are logically associated with a record and executed or adopted by a person with intent to sign the record.

Section 8.02. Record Storage. This Corporation shall keep at its registered office correct and complete copies of:

- (a) its Articles of Incorporation and Bylaws;
- (b) operating procedures
- (c) accounting records; and
- (d) minutes of meetings of the Board and of committees having any of the authority of the Board.

**ARTICLE IX
INDEMNIFICATION**

This corporation shall indemnify persons to the extent required by the Minnesota Nonprofit Corporation Act, and shall have the power otherwise to indemnify persons for such expenses and liabilities, in such manner, under such circumstances, and to such extent as permitted by applicable law.

**ARTICLE X
AMENDMENTS**

Amendments to the Articles of Incorporation and these Bylaws must be approved by the Board of Directors of this Corporation.

* * * * *



POLICIES
OF
MINNESOTA STATE UNIVERSITY, MANKATO
FOUNDATION, INC.



ARTICLE II
Governance Policy



Article 2-2.1 Administrative Policy

Minnesota State University, Mankato Foundation, was organized and incorporated as a nonprofit Minnesota corporation in 1959, with a mission to support and enhance campus projects and programs.

In 2007 its mission was restated: “To enhance the University’s ability to achieve its mission by encouraging and stewarding sustained philanthropic support from alumni and friends.”

A governing board provides fiduciary oversight and endowment management, and serves to engage alumni, parents and friends in charitable giving. In collaboration with University Advancement staff, the Governance and Membership Committee of the Foundation Board provides oversight and management of foundation policies, including responsibility for authorization of new policy and regular review and reauthorization of existing policies.

The Foundation contracts with Minnesota State University, Mankato for business and administrative services, including personnel, payroll, accounting, and IT services. Administrative responsibilities are delegated to University Advancement staff, and to the University, through an operating agreement subject to review and re-authorization every three years.

Title	Accessing Database Information	Version	1
Committee Recommending:	Governance and Membership Committee	Approval Date	4.10.2020
Approved By	Full Board	Approval Date	5.13.2022
Committee Responsible for Oversight:	Governance and membership Committee		

Article 2-2.2 Authority to Conduct Business Policy

1.0 Authority to Conduct Business

- 1.1 The Board of the Minnesota State University Mankato Foundation, delegates authority to the responsible parties listed below, to operate the business of the Foundation by obligating the Foundation and committing its resources.
- 1.2 To improve operational efficiency, this authority may be further delegated pursuant to this policy.
- 1.3 Responsible Parties: The Foundation’s Chief Executive Officer (the University title for this position is Vice President for University Advancement), the Foundation’s Chief Financial Officer, and the Vice President for Finance and Administration at Minnesota State University, Mankato are each authorized to execute business on behalf of the Foundation, and are responsible for compliance with this policy.

2.0 Delegation of Signature Authority

- 2.1 No person may obligate the Foundation or commit its resources without authority to do so.
- 2.2 A responsible party as identified in 1.3 may delegate his or her authority to other qualified individuals or designees as follows: (a) The person delegating authority may only delegate authority that is consistent with his or her own authority; (b) The delegation of authority must be in writing, signed by the person delegating the authority; (c) The delegation of authority must specify the types of transactions and amounts that may be committed by the designee and any limitations of the delegation of authority; and (d) The designee receiving the delegation must comply with Foundation policies when implementing the authority that has been delegated.

Title	Accessing Database Information	Version	1
Committee Recommending:	Audit Committee	Approval Date	2.14.2020
Approved By	Full Board	Approval Date	5.13.2022
Committee Responsible for Oversight:	Audit Committee		



Article 2-2.3 Committees of the Foundation Board Policy

1.0 Committee Structures

1.1 Membership: Committees may be made up of three categories of individuals: Board of Directors members, ex-officio Board members, and Board of Directors Ambassadors. The latter two categories are non-voting members. Committee Chairs and committee membership are annually appointed by the Board Chair in consultation with the Governance and Membership Committee.

1.2 Responsibility: Each Committee is responsible directly to the full Board, but will bring actions and recommendations to the full Board through the Executive Committee.

1.3 List of Committees:

- 2.0 Executive Committee
- 3.0 Audit Committee
- 4.0 Finance Committee
- 5.0 Gift Acceptance Committee
- 6.0 Governance and Membership Committee
- 7.0 Grants Committee
- 8.0 Investment Committee
- 9.0 Real Estate Committee
- 10.0 Ad Hoc Committee

2.0 Executive Committee:

The Executive Committee is established to provide leadership and continuity to the corporation between meetings of the full Board.

2.1 Chair. The Foundation Board Chair shall lead the Executive Committee of the Foundation Board of Directors. The Chair of the Board is elected for a two-year term. Potential Board Chairs are nominated by the Governance and Membership Committee and presented to the Board for a vote at the annual spring full board meeting.

2.2 Membership. The term of office for each Executive Committee member shall be coterminous with occupancy of the office qualifying the individual to be an Executive

Committee member. The Executive Committee will be comprised of the following members of the Board:

- Board Chair
- Vice Chair
- Secretary
- Treasurer
- President of the University (ex-officio)
- Executive Director (ex-officio)

2.3 Duties and Responsibilities

- 2.3.1 Develop an annual workplan for the Executive committee.
- 2.3.2 The Committee shall meet as needed on dates announced by the Chair of the Board.
- 2.3.3 The Committee has the authority to manage and control the affairs and business of the corporation, as the Board may deem necessary and advisable.
- 2.3.4 The Committee shall oversee the actions and direction of all committees of the Foundation.
- 2.3.5 The Executive Committee may make rules for the conduct of its own business.
- 2.3.6 During the intervals between meetings of the Board of Directors the Executive Committee shall have and exercise all of the rights and powers of the Board, except that the Executive Committee shall not have the right or power to take any action:
 - 2.3.6.1 which is materially inconsistent with an established policy of the Foundation;
 - 2.3.6.2 which establishes a new policy of the Foundation, or;
 - 2.3.6.3 which is withheld from the Executive Committee by Board resolution.

3.0 Audit Committee

The Audit Committee acts on behalf of the Board of Directors to ensure compliance with applicable accounting, financial reporting and tax requirements, monitoring the whistleblower program, monitoring of compliance with the Foundation's record retention policy, and other actions it determines are necessary to fulfill this Mission.

3.1 Committee Chair. The Committee Chair shall be appointed by the Foundation Board Chair.

3.2 Membership. The Audit Committee shall consist of at least three directors selected by the Board Chair. Each member of the Committee shall be able to read and understand fundamental financial statements, including the Foundation's balance sheet, income statement and cash flow statement.

- 3.2.1 At least one member of the Committee shall have past employment experience in finance or accounting, professional certification in accounting, or comparable experience and background (such as a position as a chief executive officer, chief

financial officer or other senior officer with financial oversight responsibilities) which results in financial sophistication, recognized financial or accounting expertise that qualifies such member as an “audit committee financial expert” as defined by the Securities and Exchange Commission (SEC). The SEC describes the “audit committee financial expert” as someone who has characteristics that are particularly relevant to the functions of the audit committee, such as: a thorough understanding of the audit committee's oversight role, expertise in accounting matters as well as understanding of financial statements, and the ability to ask the right questions to determine whether the company's financial statements are complete and accurate.

- 3.2.2 All Committee members shall meet the independence requirements of the SEC (such requirements may be modified or supplemented from time to time). The SEC describes “independent director” as a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship, which, in the opinion of the company's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

3.3 Duties and Responsibilities

- 3.3.1 Develop an annual workplan for the committee.
- 3.3.2 The Committee shall review and reassess the adequacy of the formal written responsibilities on at least an annual basis.
- 3.3.3 Meetings. The Committee shall meet at least four times annually, or more frequently as circumstances dictate. One of those meetings shall be with the independent auditors to discuss and plan for the annual audit. Another meeting shall be to receive the independent auditor’s report and opinion. The Chair of the Committee may schedule additional meetings as appropriate.
- 3.3.4 Fraud. The Committee shall oversee the assessment of fraud risk performed by University staff or by the independent auditors.
 - 3.3.4.1 The assessments should consider the potential risk of fraud.
 - 3.3.4.2 The assessments should be on a comprehensive and recurring basis.
- 3.3.5 Investigations. The Committee shall conduct or authorize investigations into any matters within the scope of its responsibilities. The Committee shall have the independence, authority and necessary funding to retain special legal, accounting or other consultants to advise the Committee. The Committee may request any officer or employee of the Foundation or the Foundation’s outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
- 3.3.6 Financial Controls. The Committee shall evaluate and report to the Board regarding the adequacy of the Foundation’s financial controls. In particular, the Committee shall:
 - 3.3.6.1 Ensure that the independent auditors are aware that the Committee is to be informed of all control problems identified.
 - 3.3.6.2 Review with the Foundation’s legal counsel any legal matters that may have a material impact on the financial statements.

- 3.3.6.3 Review the effectiveness of systems for monitoring compliance with laws and regulations relating to financial reporting.
- 3.3.6.4 Receive periodic updates from University staff, legal counsel, and the independent auditors concerning financial compliance.
- 3.3.7 Financial Statements. The Committee shall review and make recommendations to the Board regarding the adequacy of the Foundation's financial statements and compliance of such statements with financial standards. In particular, and without limiting such responsibilities, the Committee shall:
 - 3.3.7.1 Review and discuss the Foundation's audited financial statements with University staff and with the Foundation's independent auditors prior to filing or distribution.
 - 3.3.7.2 Review with University staff and the independent auditors all significant financial reporting issues, accounting principles, critical accounting estimates and underlying judgments made in connection with the preparation of the Foundation's audited financial statements.
 - 3.3.7.3 Discuss with the independent auditors the matters required to be discussed by the Financial Accounting Standards Board relating to the conduct of the audit.
 - 3.3.7.4 Based on the foregoing, the Committee will review the draft financial statements and accept the financial statements as final and recommend to the Executive Committee that a request be included for the Board to approve at its next meeting the final audited financial statements and the distribution of those financial statements.
- 3.3.8 Independent Auditors. The Committee in its relationship with the independent auditors shall:
 - 3.3.8.1 Review the independence and performance of the independent auditors in accordance with the External Audit Policy.
 - 3.3.8.2 Ensure receipt from the independent auditors of a formal written statement delineating all relationships between the independent auditors and the Foundation.
 - 3.3.8.3 Actively engage in a dialog with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors.
 - 3.3.8.4 Take appropriate action to oversee the independence of the independent auditors.
 - 3.3.8.5 Pre-approve all non-audit services to be performed by the independent auditors.
 - 3.3.8.6 Assure that the committee reviews and follows the External Audit Policy for timing, service and the overall relationship with the external audit partner.
 - 3.3.8.7 Meet, at least annually, with the independent auditor in executive session without the presence of University staff.
 - 3.3.8.8 Notwithstanding the foregoing, the independent auditors shall be ultimately accountable to the Committee as representatives of the Board of

the Foundation. The Committee shall have ultimate authority and responsibility to select, evaluate, and where appropriate, replace the independent auditors.

3.4 Conflicts of Interest.

- 3.4.1 The Committee shall review all potential conflict of interest situations and where appropriate approve related party transactions between the Foundation and its officers, directors and significant donors.
- 3.4.2 If a related party transaction must be approved between Audit Committee meetings, the University staff or Foundation member with the details will circulate a summary to the Audit Committee for review and a vote to accept or reject the proposed transaction.

3.5 Whistleblower Program.

The Committee shall be responsible for establishing and monitoring the Foundation's whistleblower program.

3.6 Records Retention Policy.

- 3.6.1 The Foundation will follow Minnesota State University, Mankato Record Retention procedures with regard to the retention and destruction of records.
- 3.6.2 All University employees engaged with donor and accounting records must adhere to these Record Retention procedures. It is the Foundation Board's position that a separate Foundation policy is not needed.
- 3.6.3 If the University changes its Record Retention procedures directly affecting Foundation records, the Foundation Chair and Audit Committee Chair will be notified by the VP for University Advancement and a determination can be made to take further action if needed.

4.0 Finance Committee

The Finance Committee acts on behalf of the Board of Directors and is responsible for monitoring and communicating to the board about the organization's overall budgetary financial health. Its core duties include participating in and overseeing: the development of the organization's budgeting and financial planning, the creation and review of the organization's internal controls and the implementation of safeguards to protect the organization's assets.

4.1 Committee Chair. The Committee Chair shall be appointed by the Foundation Board Chair.

4.2 Membership. The Finance Committee shall include three or more current directors one of which will be the Foundation's Treasurer. The Chair must have technical experience with budget and/or finance. Ex-officio committee members include the University Vice-President for Finance and Administration (or designee), the Vice President for University Advancement (or designee), the Foundation Director of Finance, and up to three Foundation Ambassadors.

4.3 Duties and Responsibilities

- 4.3.1 Develop an annual workplan for the committee.
- 4.3.2 The Committee shall review and reassess the adequacy of this formal written Commission on at least an annual basis considering any additional duties that may have been undertaken.
- 4.3.3 The Committee shall understand the sources of funds that support the operations of the Foundation.
- 4.3.4 The Committee will work with University staff and other Board Committees to establish the Foundation's operating budget for Board approval at the spring meeting.
- 4.3.5 The Committee members will understand the Foundation's objectives and ensure that budget(s) are aligned with those objectives.
- 4.3.6 The Committee will work with University staff and other Board Committee Chairs to develop appropriate budget(s).
- 4.3.7 The Committee will review and recommend the budget(s) to the Executive Committee for review and submission for full Board approval.
- 4.3.8 The Committee will review and monitor the sources of funds and expenditures.
- 4.3.9 At least quarterly, the Committee will meet with University Staff to review actual sources of funds and expenditures versus budget and forecast sources of funds and expenditures versus budget and follow-up on items outside of expectations.
- 4.3.10 Review requests and issues of a financial nature or having a financial impact on the Foundation, and make recommendations to the Board.
- 4.3.11 Support the work of the University Advancement staff who manage the Foundation budget.

5.0 Gift Acceptance Committee

The Gift Acceptance Committee acts on behalf of the Board of Directors and may review all gifts to the Foundation, including cash, securities, planned gifts and non-cash gifts, but will function as an Ad Hoc committee. Approval of gifts of cash or publicly traded securities may be assumed unless there are extenuating circumstances.

The committee will be activated by the Vice President for University Advancement whenever a unique gift opportunity is presented to the Foundation that in his/her professional judgement requires additional review.

5.1 Chair: The committee is chaired by the Vice President for Finance and Administration.

5.2 Committee members: Vice President for University Advancement, Foundation Executive Member (Chair of Investment, Real Estate, or Finance Committee), Chief of Staff/Representative from President's Office, Vice President for Finance and Administration, Senior Director of Advancement Services (UA staff liaison).

5.3 Meeting schedule: As needed. Meetings are scheduled when there is a gift to be reviewed by the committee. The Development Officer or other individual from the college or unit that solicited/received the gift provides the background information and attends the meeting to support the receipt of the gift.

5.4 Responsibilities and Context:

- 5.4.1 Gift acceptance is coordinated with the Foundation, the University, and departments/programs impacted by a potential gift. The review is to ensure that acceptance, use and administration of the gift is consistent with the mission, operation and goals of the University, its colleges and its departments/programs.
- 5.4.2 Approval not only applies to the subject property, but also extends to all restrictions, terms and conditions placed on University and/or Foundation acceptance, use or liquidation of the gift asset and the earnings and proceeds from its ultimate sale or other disposition.
- 5.4.3 Donative intent must be the primary motive for gift giving, that is, the intention to give something of value for the betterment of the university, with no expectation of receiving anything in return.
- 5.4.4 The committee generally has sufficient information to make a decision at the meeting, however, there are instances where the committee requests additional information. While most gifts are accepted, there are situations where the committee declines a gift.
- 5.4.5 Some reasons to not accept a gift are:
 - 5.4.5.1 Gifts that have conditions placed on them that the University cannot honor, e.g. the University must keep a piece of property for a specified period of time or the University is requested to sell/not sell property to a specific individual or group.
 - 5.4.5.2 Gifts of real property that have liens.
 - 5.4.5.3 Gifts which obligate the University to violate University policy or break the law.
 - 5.4.5.4 Gifts which limit, beyond a general description of the subject area, the research or work of a faculty member or student.
 - 5.4.5.5 Gifts which inhibit the University from seeking gifts from other donors, be they similar or different, foreign or domestic.
 - 5.4.5.6 Gifts that expose the University to potential environmental liability.

6.0 Governance and Membership Committee

The Governance and Membership Committee acts on behalf of the Board of Directors and is responsible to:

- 6.0.1 Identify, vet, and select prospective members who bring the necessary experience, skills, and character to the board;
- 6.0.2 Identify best practices in governance appropriate for the culture of the Board and

the Foundation;

6.0.3 Ensure the continuing education and assessment of the Board and its members.

6.1 Committee Chair. The Committee Chair shall be appointed by the Foundation Board Chair.

6.2 Membership. The Committee should consist of at least five, but not more than eight directors.

6.3 Duties and Responsibilities

6.3.1 Develop an annual workplan for the committee.

6.3.2 Board Membership

6.3.2.1 Define the roles and responsibilities of each Board Director.

6.3.2.2 Utilize the Board Director Matrix to evaluate committee and full Board membership with a goal to obtain diversity in terms of expertise, background, geography, gender and other characteristics.

6.3.2.3 Recruit new Directors who would fulfill those needs.

6.3.2.4 Recommend new Directors to the Foundation Board through the nominating process. (Appendix 1)

6.3.2.5 Manage process to reappoint a Board Director.

6.3.2.6 Develop a slate of officers.

6.3.2.7 Plan for leadership succession.

6.3.2.8 Honor and recognize retiring Directors and engage former Board members as ambassadors.

6.3.3 Board Governance

6.3.3.1 Create, oversee and participate in new Board of Directors orientation to ensure that new Directors understand and embrace expectations.

6.3.3.2 Manage a process of confidential self-assessment by each Board Director.

6.3.3.3 Identify and incorporate best practices in Foundation governance.

6.3.3.4 Annually review the Board membership using the committee approved best-practices tools. Present the findings to the Executive Board.

6.3.3.5 Solicit Foundation Board Directors to ensure 100% annual Foundation Board Director giving. Each Board member agrees that the University will be one of their Top 3 philanthropic priorities during their time on the board.

6.3.3.6 Remind fellow Foundation Board Directors of expectations as needed.

7.0 Grants Committee

The Grants Committee acts on behalf of the Board of Directors to provide annual grants to faculty and staff or to students through the Undergraduate Research Center (URC). The mission of the URC is to promote high-quality undergraduate student-faculty collaborative research, scholarship and creative work.

7.1 Committee Chair. The Committee Chair shall be appointed by the Foundation Board Chair.

Membership: The Grants Committee shall be comprised of not less than five individuals from among the three potential committee members groups: Board directors, ex-officio members of the Board of Directors, and Board Ambassadors. The Board Chair may also appoint individuals to this committee who have no other Board connection, but can bring a unique skill set or perspective to the committee.

7.2 Duties and Responsibilities

- 7.2.1 Develop an annual workplan for the committee.
- 7.2.2 Annually review the focus of the Foundation’s grant program to set direction and priority for grants.
- 7.2.3 Formulate an annual budget request to the Foundation Board.
- 7.2.4 Monitor grants awarded, make sure funds are appropriately expended and accounted, and seek final reports on grants funded. Recipients may be asked to meet with the Committee or the full Foundation Board to provide reports on grant outcomes.

8.0 Investment Committee

The Investment Committee acts on behalf of the Board of Directors to provide stewardship of the Foundation’s assets. The Investment Committee will also recommend to the Foundation Board acceptance or rejection of all investment-related gifts and advise Minnesota State University, Mankato staff regarding management of investment-related gifts.

8.1 Committee Chair. The Committee Chair shall be appointed by the Foundation Board Chair.

8.2 Membership. The Treasurer shall always be a member of the Committee. The Committee shall consist of at least five, but not more than eight members.

8.3 Duties and Responsibilities. Subject to the approval of the Board of Directors, the Investment Committee shall establish the investment policies and procedures for all funds of the Foundation. Acting in a manner that is consistent with such policies and procedures, the Investment Committee shall be responsible for the management of all funds of the Foundation, including the selection and evaluation of investment managers and the establishment of the goals and operating principles for the investment managers.

- 8.3.1 Develop an annual workplan for the Investment Committee.
- 8.3.2 The committee will review the Investment Policy Statement bi-annually and make recommendations on IPS changes.
- 8.3.3 The committee shall manage the relationship with the selected OCIO.
- 8.3.4 The committee will oversee an OCIO RFP process every six years.

- 8.3.5 The Investment Committee shall report its activities and investment practices to the Board as appropriate.

9.0 Real Estate Committee

The Real Estate Committee acts on behalf of the Board of Directors to assist the Foundation in identifying and analyzing real estate gift opportunities and prospects, and in acquiring, developing, and managing real property through the Foundations' LLC, Maverick Philanthropic Properties.

Consistent with the Foundation's Belief Statements, the Real Estate Committee:

- Operates with responsible stewardship, integrity, transparency and trust
- Provides leadership, advocacy and support of the University's strategic priorities
- Provides support for educational access and for enriching experiences for students
- Provides leadership in promoting and engaging donor passion

9.1 Committee Chair. The Committee Chair shall be appointed by the Foundation Board Chair.

9.2 Membership.

- 9.2.1 The Committee shall consist of at least four, but not more than eight members who shall be members of the Foundation Board. The Vice President of University Advancement and other such University staff members as the Foundation Board may designate, may participate in the Committee as non-voting ex-officio members. Committee members shall be appointed by the Foundation Board for terms of one year, or until their successors are appointed.
- 9.2.2 Advisors and Ambassadors: The Committee may engage with advisors and Board Ambassadors to provide legal and real estate industry expertise. Advisors may be paid or volunteer advisors.

9.3 Duties and Responsibilities.

- 9.3.1 Develop an annual workplan for the committee.
- 9.3.2 Provide recommendations to the Foundation Board and execute on Foundation Board decisions directly and through oversight of the LLCs.
- 9.3.3 Identify ways real estate can support the missions of the Foundation and University
- 9.3.4 Work with Foundation Development staff to identify avenues through which donors can effectively make contribution of real estate assets or interests, including policies for acceptance, education of potential donors on benefits and structuring of gifts.
- 9.3.5 Develop policies & procedures for accepting, holding and disposing of real estate gifts.
- 9.3.6 Track and report on expected outcomes from real estate assets, which may include financial investment returns and/or contributions to the vibrancy of the University

and its education goals.

- 9.3.7 Provide oversight to the management of Maverick Philanthropic Properties LLC and Lime Valley Wetlands LLC (and any future LLCs established to hold Foundation real property, or interests in real property and related assets) for the benefit of the Foundation and the University.

9.4 Communication and Coordination

- 9.4.1 Engages with University leadership to understand and align with University objectives and goals as they may pertain to real estate related activities of the Foundation.
- 9.4.2 In coordination with University leadership, the Committee may communicate and work with private and public entities and advisors, directly and through the University staff.

9.5 Meetings, Quorum and Minutes

- 9.5.1 The Committee shall meet at least annually and more often as determined by the Committee.
- 9.5.2 Advance notice of meetings shall be provided to all committee members. The Chairperson shall be responsible for ensuring meeting minutes are recorded and distributed.
A majority of the Committee members is required to transact business of the Committee.

9.6 Committee Member Confidentiality and Conflict of Interest

- 9.6.1 To operate with responsible stewardship, integrity, transparency and trust, all members of the Committee will act in good faith in accord with the Foundation's Confidentiality and Conflict of Interest Policies and shall annually sign a disclosure form as required by said policies.
- 9.6.2 Specifically as it pertains to the Real Estate Committee, members shall disclose and, as appropriate, recuse themselves from any matter or decision in which they have a personal or financial interest or relationship with the potential real estate donor or advisor, including real estate agents, consultants and developers.

10.0 Ad Hoc Committee

Ad Hoc committees shall serve one of two purposes: to explore an issue or topic that may warrant the establishment of a standing committee, or to complete a specific task.

The Board may establish ad hoc committees as it deems necessary and assign to them such duties as it considers appropriate. Ad hoc committees shall have defined tasks and be given specific direction for the end goal, and end date of the committee.

- 10.1 Committee Chair.** The Committee Chair shall be appointed by the Foundation Board Chair.

10.2 Membership. The Ad Hoc Committee serves at the pleasure of the full Board. A majority of the Ad Hoc Committee shall constitute a quorum

10.3 Duties and Responsibilities. An ad hoc committee chair will have the responsibility of:

10.3.1 Each ad hoc committee will consider and make recommendations to the Board in respect of the subject on which it was created to advise.

10.3.2 Preparation of the agenda for committee meetings

10.3.3 Work in consultation with the chief executive officers and share materials generated by the committee, including minutes.

10.3.4 Report to the board on the activities and recommendations of committee. The Investment Committee shall report its activities and investment practices to the Board as appropriate.

10.4 The Board will take into consideration, but will not be bound by, ad hoc committee recommendations.

Title	Committees of the Foundation Policy	Version	1
Committee Recommending:	Goverance and Membership Committee	Approval Date	1.6.2022
Approved By	Full Board	Approval Date	9.29.2022
Committee Responsible for Oversight:	Goverance and Membership Committee		

Article 2-2.4 Responsibilities of Officers of the Board Policy

1.0 Board Chair

1.1 According to the Foundation Bylaws the Board Chair is responsible to:

Section 5.06. Chair. The Chair shall: (a) have general active management of the business of this Corporation; (b) when present, preside at meetings of the Board; (c) see that orders and resolutions of the Board are carried into effect; (d) sign and deliver in the name of this Corporation deeds, mortgages, bonds, contracts, or other instruments pertaining to the business of this Corporation, except in cases in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated by the Articles of Incorporation or Bylaws or by the Board to another officer or agent of this Corporation; and (e) perform such other duties as may from time to time be prescribed by the Board.

1.2 Additionally the Policies of the Board recognize the responsibilities of the Chair as follows:

1.2.1 As a partner to the Executive Director and other board members, the Board Chair will provide governance leadership, strategic fundraising support, and possess qualities and qualifications to serve effectively.

1.2.2 Specific responsibilities include:

1.2.2.1 Governance: Lead and facilitate all Board and Executive Committee meetings.

1.2.2.2 Serve as an ex-officio member of all committees of the Foundation except the Governance and Audit Committee.

1.2.2.3 Working with the Governance and Membership Committee, nominate committee members and chairs for Board approval.

1.2.2.4 Perform other duties as may be from time to time assigned to the Chair by the Board or prescribed by the bylaws.

1.2.2.5 Exercise such powers as may be necessary for the efficient and proper performance of said duties.

1.2.2.6 Fundraising:

1.2.2.6.1 Personally treat the Foundation as a top philanthropic priority reflected in an annual financial gift.

1.2.2.6.2 Support the Executive Director in the identification, qualification, cultivation, solicitation and stewardship of donors.

2.0 Board Vice Chair

2.1 According to the Foundation Bylaws the Board Vice Chair is responsible to:

Section 5.07. Vice Chair. In the absence of the Chair, or in the event of his/her inability or refusal to act, the Vice Chair (or in the event there be more than one Vice Chair, the Vice Chairs in the order of their election) shall perform the duties of the Chair, and when so acting, shall have

all the powers of and be subject to all of the restrictions upon the Chair. Any Vice Chair shall perform such other duties as shall from time to time be assigned by the Board.

2.2 Additionally the Policies of the Board recognize the responsibilities of the Vice Chair as follows:

2.2.1 In support of the Board Chair and other members, the Vice Chair will provide governance leadership, strategic fundraising support, and possess qualities and qualifications to serve effectively.

2.2.2 Specific responsibilities include:

2.2.2.1 Governance: Serve on the Executive Committee and as an ex-officio member of all committees of the Foundation except the Audit Committee.

2.2.2.2 Understand the responsibilities of the Board Chair and be able to perform these duties in the Chair's absence.

2.2.2.3 Participate closely with the Chair, and the Governance and Membership Committee, to develop and implement officer transition plans.

2.2.2.4 Perform other duties as from time to time may be prescribed by the Board or the chair of the Board.

2.2.2.5 Perform duties as may be from time to time assigned to the Chair by the Foundation Board or prescribed by the bylaws.

2.2.2.6 Exercise such powers as may be necessary for the efficient and proper performance of said duties.

2.2.2.7 Fundraising

2.2.2.7.1 Personally treat the Foundation as a top philanthropic priority reflected in an annual financial gift.

2.2.2.7.2 Support the Executive Director in the identification, qualification, cultivation, solicitation and stewardship of donors

3.0 Secretary

3.1 According to the Foundation Bylaws the Board Chair is responsible to:

Section 5.08. Secretary. The Secretary shall: (a) maintain, or provide for the maintenance of records of and, when necessary, certify proceedings of the Board; (b) when directed to do so, give proper notice of meetings of the Board; and (c) perform such other duties as may from time to time be prescribed by the Board or by the Chair.

3.2 Additionally the Policies of the Board recognize the responsibilities of the Secretary as follows:

3.2.1 In accordance with the Foundation's Policies, the Secretary shall have general supervision, provide direction, and review the records of all Foundation Board meetings.

3.2.2 Give notice, record, and keep, or cause to be recorded and kept, the minutes of all meetings of the Board and its committees.

3.2.3 Governance: Serve as on the Executive Committee and as an ex-officio member of the Board of Directors of all committees of the Foundation except the audit committee.

3.2.4 Provide leadership and guidance in establishing policies, procedures, and guidelines for conducting Foundation business.

3.2.5 Exercise such powers and perform other such duties as may be prescribed by the Board or the Bylaws.

- 3.2.6 Working with the Governance and Membership Committee Chair, ensure that each director of the Board is well-informed with respect to their responsibilities and Foundation activities.
- 3.2.7 Is familiar with corporate and legal documents of the Foundation (articles, by-laws, etc.) to note applicability during meetings.
- 3.2.8 Collaborating with the Board Chair and Executive Director, develop Board and committee meeting schedules, agendas, and meeting materials.
- 3.2.9 Fundraising
 - 3.2.9.1 Personally treat the Foundation as a top philanthropic priority reflected in an annual financial gift.
 - 3.2.9.2 Support the Executive Director in the identification, qualification, cultivation, solicitation and stewardship of donor

4.0 Treasurer

4.1 According to the Foundation Bylaws the Board Treasurer is responsible to:

Section 5.09. Treasurer. The Treasurer, working with University Advancement staff, and the Chair of the Finance Committee shall: (a) keep accurate financial records for this Corporation; (b) deposit money, drafts, and checks in the name of and to the credit of this Corporation in the banks and depositories designated by the Board; (c) disburse corporate funds and issue checks and drafts in the name of this Corporation, as ordered by the Board; (d) upon request, provide the Chair and the Board an account of transactions by the Treasurer and of the financial condition of this Corporation; and (e) perform such other duties as may from time to time be prescribed by the Board or by the Chair.

4.2 Additionally the Policies of the Board recognize the responsibilities of the Vice Chair as follows:

- 4.2.1 Serve as custodian of all official records of the Foundation through contact and conversation with University Advancement staff who serve as daily custodians.
- 4.2.2 Give notice, record, and keep, or cause to be recorded and kept, the minutes of all meetings of the Board and its committees.
- 4.2.3 Have oversight of the distribution of Foundation funds as approved by the Board.
- 4.2.4 The Treasurer shall work directly with the be the Chief Financial Officer of the Foundation and will work with the Foundation Executive Director to administer the financial affairs of the Foundation.
- 4.2.5 Administer the financial affairs of the Foundation with the Executive Director, or designee.
- 4.2.6 Governance: Serve as member of the Finance and Investment Committee, serve as an ex-officio member of the Board of Directors of all committees of the Foundation except the audit committee, and serve on the Executive Committee.
- 4.2.7 Working with the Chief Financial Officer:
 - 4.2.7.1 Provide financial oversight of foundation assets
 - 4.2.7.2 Monitor the organization's investments, cash flow, and budget.
 - 4.2.7.3 With both the CFO and the Finance Committee Chair, facilitate the governance of the Board by providing financial information to Directors, recommend and keep current financial policies, procedures, and guidelines.

4.2.7.4 Assure financial compliance with Minnesota State University Mankato, federal and state regulations.

4.2.8 Fundraising

4.2.8.1 Personally treat the Foundation as a top philanthropic priority reflected in an annual financial gift.

4.2.8.2 Support the Executive Director in the identification, qualification, cultivation, solicitation and stewardship of donors.

5.0 Past Board Chair

5.1 The immediate past Board Chair provides advice and leadership to the current Chair and Vice Chair regarding past practices and other matters to assist in governing the Foundation.

5.2 The Past Chair supports the Executive Director on an as-needed basis.

5.3 Governance

5.3.1 Serves on the Executive Committee and as an ex-officio member of the Board of Directors of all committees but is not an officer of the Board.

5.3.2 Supports the Executive Director in efforts to build and maintain a strong Board by mentoring the Chair and cultivating leadership among individual Board Directors.

5.3.3 Fundraising

5.3.3.1 Personally treat the Foundation as a top philanthropic priority reflected in an annual financial gift.

5.3.3.2 Supports the Executive Director in the identification, qualification, cultivation, solicitation and stewardship of donors

6.0 Other Officers.

As per bylaw Section 5.10. This Corporation may have such other officers and agents as the Board considers necessary for the operation and management of this Corporation, each of whom shall have the powers, rights, duties, responsibilities, and terms in office as may be determined by resolution of the Board.

7.0 Ex-Officio. As per bylaw Section 5.11.

7.1 No employee of Minnesota State University, Mankato shall be a voting member of the Board of Directors, but such individuals may be permitted to serve as ex-officio members of the Board of Directors.

7.2 The individuals occupying the following offices shall be ex-officio Directors of the Foundation:

7.2.1 President of the University

7.2.2 Vice President for University Advancement/Executive Director

7.2.3 Vice President for Finance & Administration

7.2.4 President of the University Alumni Association Board

8.0 Executive Director. As per bylaw Section 5.12.

8.1 The executive director is hired by the University and carries the University title of Vice President for University Advancement.

8.2 The Executive Director has day-to-day responsibilities for the organization, including carrying out the organization's goals and policies.

8.3 The Executive Director will attend all board meetings, report on the progress of the Foundation, answer questions of the Board of Directors and carry out the duties described in the job description.

Title	Accessing Database Information	Version	1
Committee Recommending:	Governance and membership Committee	Approval Date	4.10.2020
Approved By	Full Board	Approval Date	5.13.2022
Committee Responsible for Oversight:	Governance and membership Committee		



Article 2-2.5 Foundation Board Operations Policies

1. Meetings of the Board
2. Honorary Recognition
3. Amendments

1.0 Meetings of the Board

Except for the annual meeting of the Board of Directors, meetings of the Board shall be held at such time and place as is determined by the Chair and may be at a site other than Mankato. See the annual workplan for details to be discussed at each meeting.

1.1 Regular Meetings. There shall be three regular meetings of the Board of Directors as follows:

1.1.1 Fall

The “annual” or fall meeting of the Board of Directors shall be held each year during the month of September, October or November for the purposes including but not restricted:

1.1.2 Winter – December

The Winter meeting of the Board of Directors shall be held each year during the month of December.

1.1.3 Winter - February

The Winter meeting of the Board of Directors shall be held each year during the month of January or February.

1.1.4 Spring

The spring meeting of the Board of Directors is designated as the end of the current board year. The meeting shall be held each year during the month of April or May.

1.2 Special Meetings. Special meetings of the Board of Directors may be called at any time by the Chair or Executive Director of the Foundation, or by any three Directors upon delivering a written request therefor to the Secretary.

2.0 Honorary Recognition

2.1 Foundation Ambassadors

- 2.1.1 Objective. To honor and encourage the continuous involvement of former Foundation Board of Directors by serving as a resource for the Foundation in supporting the goals and objectives of the University.
- 2.1.2 Appointment. Membership is drawn from former Foundation Board of Directors. Appointment is by invitation issued by the Foundation President upon recommendation from the Governance and Membership Committee.
- 2.1.3 Each Ambassador will be assigned to a standing or ad hoc committee based on their interest and the need of each committee.
- 2.1.4 Role of Ambassadors
 - 2.1.4.1 To support the goals and activities of the Foundation in furtherance of the mission and stature of the University.
 - 2.1.4.2 To render advice and counsel to the Foundation.
 - 2.1.4.3 To recommend new directors.
 - 2.1.4.4 To encourage alumni and friends to participate in, and financially support, University programs.
 - 2.1.4.5 To attend activities scheduled for Ambassadors, local events and be available for assignments.
 - 2.1.4.6 To continue individual financial support for the work of the Foundation.
 - 2.1.4.7 To help recruit, by identification or solicitation, new major gift donors.
- 2.1.5 Activities. Ambassadors will be invited to attend all or part of the fall Foundation meeting (depending on the agenda) including any social activities held in conjunction with the meeting.

- 2.1.6 Communications. Ambassadors will regularly receive University and Foundation publications and communiqué.

2.2 Foundation Board Emeritus

- 2.2.1 The Foundation Board shall be empowered to elect Board Emeritus.
- 2.2.2 Board Emeritus is a title of distinction. The purpose of awarding this status to past board members is to recognize their extraordinary and significant contributions to Minnesota State University, Mankato by keeping them affiliated and offering privileges for their commitment to the institution.
- 2.2.3 Any member of the Board of Directors may nominate a former Board director for emeritus status.
- 2.2.4 Nominations must be made in writing to the Governance and Membership Committee for review. The Governance and Membership Committee will review the nomination. If it approves the nomination, the name of the candidate will be forwarded to the full Board for a vote at the last meeting of the fiscal year.
- 2.2.5 A two-thirds vote of the Board of Directors is required to confirm election.
- 2.2.6 Board Emeriti shall not be vested with voting power.
- 2.2.7 The election shall be for life or until such time as an emeritus member is removed. This removal may be with or without cause by a two-thirds vote of the Board of Directors.
- 2.2.8 Board Emeriti shall be listed as such in any public listing of the Board of Directors.
- 2.2.9 Board Emeriti shall be included in such Foundation Board functions as the Executive Committee deems appropriate which can include attendance at all Board meetings and functions.

3.0 Amendments

- 3.1 The authority to adopt, amend and repeal the Bylaws of the Foundation is vested in the Board of Directors of the Foundation. The Bylaws may not contain any provision for the regulation and management of the affairs of the Foundation that are inconsistent with the Articles of Incorporation or the law of the state of Minnesota.
- 3.2 These Bylaws (as well as the Foundation Policies) may be altered or amended by a majority vote of the Foundation Board of Directors (excluding ex-officio) who are present at any regular meeting of the Board provided a quorum is present. Any proposed amendment must be sponsored by one of the standing committees of the Board, having been presented at a committee meeting for review and debate. The Chair of the sponsoring committee would recommend the amendment to the Foundation Chair for inclusion at the next regular Board meeting agenda.

Title	Foundation Board Operations Policies	Version	1
Committee Recommending:	Executive Committee	Approval Date	4.24.2020
Approved By	Full Board	Approval Date	5.13.2022
Committee Responsible for Oversight:	Executive Committee		

Article 2-2.6 Board Finances and Spending Policy

1. Purpose
2. Foundation Board Finances
3. Foundation Administrative Operating Budget
4. Salaries or Personal Compensation
5. Expenditure Request
6. Permissible and Impermissible Expenditure Policy
7. Bereavement Flowers Procedure



Board Finances and Spending Policy

1.0 Purpose

- 1.1 Minnesota State University, Mankato Foundation's principal activities are soliciting, receiving, and administering funds for the primary benefit of MSUM and its students. The Foundation is a non-profit corporation under Minnesota law, organized exclusively for charitable purposes. The Foundation is exempt from federal income tax and is considered a 501(c)3 under the Internal Revenue Code.
- 1.2 Contributions to the Foundation may be deductible by donors for federal income tax purposes, and bequests, legacies, devises, transfers, and gifts to the Foundation are deductible for federal estate and gift tax purposes. Overseen by a board of trustees, the Foundation treats all gifts in accordance with the donor's wishes within applicable laws. The Foundation is audited annually.
- 1.3 To ensure the observance of donor designations and restrictions in the use of their gifts, separate accounts are established within the Foundation as agency accounts. In the appendix is a form used to establish a new agency account within the Foundation. When donors make such gifts, it is with the intent to help the University in its important work. Such donors also assign their trust that the Foundation, University and its staff will use the gift in the most appropriate and direct way as possible to support the educational program. Agency account donations remain in the fund, can accumulate over a time period and are not subject to any fiscal year deadlines.

2.0 Foundation Board Finances

- 2.1 **Use of Gifts** The phrase "exclusive use and benefit of the University" shall include gifts for the benefit of any separate or independent organization which is supportive of or affiliated with the University or its programs and functions, but only if such organization is (a) organized exclusively for charitable, scientific, or educational purposes and for the exclusive use and benefit to the University, and (b) qualified as an organization exempt from income tax under Section 501 (c)(3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue law). The Board of Directors may from time to time provide procedures for the establishment of special or designated funds to be administered by the Foundation under the conditions of their creation.
 - 2.1.1 **Unrestricted/Discretionary Gift Funds** The University and its colleges and programs, through the Foundation, typically receive unrestricted donations. When donors make such gifts, it is with the intent to help the University in its important work. Donors assign their trust so that the Foundation will use the gift in the most appropriate and direct way possible to support the educational program. All unrestricted gifts to the Foundation and other income not otherwise designated by the donor to endowment or restricted purposes shall go into the general fund of the Foundation and, after payment of reasonable expenses of the Foundation, the same shall be used exclusively for the use and benefit of the University in accordance with the general purposes of the Foundation. The Foundation may receive, manage, invest,

and disburse conditional gifts only if such gifts are for the exclusive use and benefit of the University.

- 2.1.2 **Use of Discretionary Funds** Only gifts that carry no restriction or specific expression of donor intent that would limit their use, and the income derived therefrom, may be used for discretionary purposes. At Minnesota State University, Mankato, discretionary funds are commonly named “dean’s/director’s funds”, “excellence funds”, or “development funds”. Discretionary fund accounts may be established at the presidential, vice presidential, dean/director or department chair levels only.
- 2.1.3 Discretionary funds are intended to provide greater flexibility for the University and its colleges/programs and are used only for purposes that directly benefit the University in the attainment of its mission and goals. Discretionary funds may not be used for expenses of a purely personal nature, and any personal benefit must be clearly incidental to the primary purpose of benefiting the University.
- 2.1.4 **Contributions and Disbursements** All contributions and other funds received by the Foundation shall be deposited in a special account or accounts in such banks, trust companies, or other depositories as the Board of Directors may select. All disbursements shall be made under proper authority of the Board of Directors. All contributions, income to, and disbursements of the Foundation shall be recorded by the Foundation Director of Finance in appropriate books and records and such records shall be subject to examination at any reasonable time, upon request by any Board of Director.

2.2 Budget

A statement of proposed receipts, operating income and expenditures for the following year shall be prepared jointly by the Finance Committee and University staff and submitted to the Board of Directors through the Executive Committee at least annually. When approved by the Board, such budget shall be the authorization for expenditures and operating expenses of the Foundation, subject to subsequent changes made by the Board of Directors.

2.3 **Administration of the Budget.** The Finance Committee reviews and monitors the expenditures against the budget and reviews issues having a financial impact on the Foundation.

2.4 **Checks, Drafts, Etc.** All checks, drafts, vouchers, or orders for the payment of money from funds on the Foundation shall be signed/authorized by such officers or agent or agents of the Foundation and in such manner as shall from time to time be provided by resolution of the Board of Directors.

2.4.1 Currently all Foundation checks must be cosigned by two of the following individuals.

Current authorized Minnesota State University, Mankato signatures are:

2.4.1.1 Primary Signers:

- Vice President for University Advancement/Executive Director of the Foundation
- Business Services Accounting Director

2.4.1.2 Secondary Signers:

- Vice President for Finance
- Assistant Vice President for Finance
- Associate Vice President for University Advancement

2.4.2 Checks over \$5,000 need to be signed by either the Vice President for University Advancement/Executive Director of the Foundation or the Associate Vice President for University Advancement and approved by the Foundation Treasurer.

2.5 **The Fiscal Year.** The fiscal year of the Foundation shall be July 1 through June 30.

2.6 **Audit.** The Board of Directors, through its Audit Committee, shall cause an annual audit report in comparative form regarding the financial activities and affairs of the Foundation to be prepared by a firm of independent certified public accountants (including the opinion of such firm), and to be made available to all Directors, and, upon request, any other interested member of the University constituency.

3.0 Foundation Administrative Operating Budget

3.1 All Foundation administrative operating costs shall be paid from the Foundation's General Fund.

This account will be funded as follows:

3.1.1 Unrestricted gifts to the Foundation.

3.1.2 The Unrestricted Fund (University Achievement Fund) will have an annual fundraising goal that becomes a source of the Foundation Administrative Operating Budget. Gifts received in excess of the amount allotted to the Foundation Administrative Operating Budget will be used for purposes of general student and program support as determined by the Vice President for University Advancement. In years when the University Achievement Fund does not raise the amount budgeted to the Foundation Administrative Operating Budget, the reserve fund will be used to supplement actual earnings, not to exceed the positive balance in the reserve fund. If there are no funds in the reserve, only the amount earned will be provided to the Foundation Administrative Operating Budget.

3.1.3 Other miscellaneous income that is earned such as stock dividends and rental receipts from undesignated stock and land assets.

3.1.4 The Foundation, upon receipt and processing assets from a decedent, including but not limited to matured trusts, annuities, life insurance policies or bequests, shall be entitled to a one-time fee equal to five percent (5%) of the total market value of the assets, to be assessed and collected at the time of transfer of the asset. The full fee assessed shall be used to help defray the expenses of soliciting and processing such gifts.

3.1.5 The Foundation will not assess a fee on any other annual gifts.

3.1.6 Endowment and quasi endowment accounts may be assessed a percentage not to exceed two percent (2%) or a fixed dollar amount of the endowment account annually, at the direction of the Investment Committee and approved by the Board. The percentage/fixed dollar amount will be recommended by the Investment Committee on an annual basis at a following Board meeting based on Foundation investment results for the previous twelve (12) months ending June 30 each year. The assessment will be made against the endowment fund earnings prior to any distribution of earnings being added to the principal balance, but only after the purpose of the endowment is paid.

3.2 The administrative operating cost will be limited to the annually approved operating budget.

4.0 Salaries or Personal Compensation

Since the Foundation is not approved by the IRS to make salary payments, no compensation to individuals can be paid from funds within the Foundation. In the course of providing support for university development and advancement services and activities, the Foundation may reimburse the University for services provided by university employees.

5.0 Expenditure Request

- 5.1 Each request for an expenditure of Foundation account funds must be submitted on a Minnesota State University Mankato Foundation disbursement voucher with all of the appropriate signatures (department chair and/or college dean as defined by your department guidelines). The request shall state and describe, in detail, the payee, amount and purpose for each disbursement. The appropriate documents, such as invoices and receipts, must accompany the voucher.
- 5.2 Departments and programs are encouraged to note that the activity or event is sponsored by donations to the Minnesota State University Mankato Foundation.
- 5.3 Expenses not listed below require prior authorization from the office of Advancement Services. (6.0 Permissible and Impermissible Expenditure Policy)
- 5.4 Expenses incurred without prior authorization are the responsibility of the person(s) incurring the expense. Foundation fund donations can be used at any time but are subject to the following restrictions:
 - 5.4.1 Must benefit the University in a way that supports its mission
 - 5.4.2 Must fall within the donor's intent for the gift

6.0 Permissible and Impermissible Expenditure Policy

Within the parameters established by the above-stated general principles, the prudent judgment of University officers charged with the responsibility of administering discretionary funds will determine the allowable range of expenditures. The underlying criteria for the use of all gift monies remain (a) the University must benefit in a manner that fits its mission and (b) the use must fall within the donor's intent.

- 6.1 The following are examples of permissible and impermissible expenditures:
 - 6.1.1 Summary: Discretionary funds may be expended for all purposes for which public funds may be expended. This includes all University "common expenditure objects" (i.e., salaries, wages, stipends, benefits, goods and services, travel, computing, equipment, scholarships, assistantships, awards, grants, telephone).
 - 6.1.2 The following purchases are **reimbursable (permissible)** under this policy:
 - 6.1.2.1 ordinary, reasonable, and necessary business expenses incurred in the conduct of the program for which the fund was officially sponsored;
 - 6.1.2.2 social/cultivation activities that are documented with a "contact report" listing non-University guests in attendance (including reimbursement for alcoholic beverage purchases);
 - 6.1.2.3 hosting officially sponsored business functions such as advisory board lunches;
 - 6.1.2.4 banquet liquor permits;
 - 6.1.2.5 catering and beverage expenses for University events;
 - 6.1.2.6 payment of prospective employees' spouses' travel when approved in advance by the appropriate vice president or dean;
 - 6.1.2.7 payment of admission charges to social or business events at which attendance is required or recommended as part of an employee's official duties;
 - 6.1.2.8 authorized awards approved by the President and given to University employees on behalf of the entire University community in recognition of meritorious service, etc.
 - 6.1.2.9 payment of sponsorship fees or other admission costs for other charitable organizations, where the President of the University determines it is important for university-wide public relations and community good will to have the University represented;

- 6.1.2.10 For food and beverage purchases for activities involving only faculty, staff and students: Limit of \$200. The purchase order should be signed by the responsible person on the account. Purchases can be made for any activity that fits the underlying criteria described above.
 - 6.1.2.11 Any purchase of alcohol for University events requires prior approval from the President's Office (roster of attendees is to accompany Prior Authorization Form).
 - 6.1.2.12 Plaques or other appropriate items to faculty and staff in recognition of outstanding achievement, retirement or distinguished service are reimbursable, but cannot exceed \$75.00 per person.
- 6.1.3 The following purchases are **not reimbursable (impermissible)** under this policy:
- 6.1.3.1 Cash gifts and gift certificates for faculty and staff
 - 6.1.3.2 Alcoholic beverages are not included as a reimbursable expense item when attending working retreats.
 - 6.1.3.3 When an expense reimbursement has been paid from one source, such as an M&E account or activity account, another claim cannot be filed against a Foundation account to reimburse the portion that is over and above the maximum rates allowed by the established labor agreement or compensation plan.
 - 6.1.3.4 Discretionary funds may not be used for expenses of a personal nature. Examples of such expenses include cash gifts to University staff; payment of spouse's travel, meals, lodging, or other expenses when accompanying University employee, unless spouse's attendance has been determined to be necessary in the conduct of the University's business and has been approved in advance by the appropriate vice president or dean; expenses for which there is no documentation.
 - 6.1.3.5 Expense reimbursement to University Employees for non-cultivation events may not exceed the maximum amounts allowable under the employee's bargaining unit agreement or to Non-State Employees according to the Non-Managerial Unrepresented Employees Plan (217).
 - 6.1.3.6 Discretionary funds may not be used for individuals to participate in, or provide funds for, any political campaign (including the publication or distribution of statements) on behalf of any candidate for public office.
 - 6.1.3.7 Discretionary funds may not be used for support of other nonprofit or charitable groups unless the support is structured as from the University as a whole and where the President of the University has determined that the organization or event is important for University-wide public and community relations.
- 6.1.4 Cash or cash equivalent awards (gift cards, vouchers) to students must be awarded through the Financial Aid process.
- 6.1.5 **Expenses Requiring Prior Authorization.**
- 6.1.5.1 Authorization for all events involving alcohol requires submitting a Prior Authorization Form to the President and/or his/her designee a minimum of three (3) days prior to the event. A description of the event, the vendor's name(s) and a list of specific items to be purchased from the vendor must be attached. A list of the participants, the estimated cost per participant and the overall estimated cost of the event must be stated. All costs related to the event must be listed.
 - 6.1.5.2 Expenses incurred without prior authorization are the responsibility of the person(s) incurring the expense.

7.0 Bereavement Flowers Procedure

- 7.1 The Foundation will send flowers on behalf of the Foundation/University upon the passing of:
 - 7.1.1 A member of the Purple & Gold Society (lifetime giving)
 - 7.1.2 Legacy Society (planned giving)
 - 7.1.3 Current/former MSU Foundation Board member (or partner/spouse).
- 7.2 Other requests will be considered for approval by the University President.
- 7.3 The use of Foundation funds for the purchase of all other flower arrangements, excepting 7.1 and 7.2 is prohibited.
- 7.4 If the member lived within 100 miles of Mankato, the local florist who won the bid for floral services will manage the flowers using a pre-determined Maverick arrangement. If the member lived beyond 100 miles a similar flower arrangement will be sent using a national flower service.
- 7.5 The ordering of flowers will be coordinated by the Director of Stewardship and Foundation Relations, in connection with the Office of the President.
- 7.6 The Director of Stewardship and Foundation Relations will manage the relationship with the local florist including any RFP process, and all payment arrangements.

Title	Non-Endowment Spending Policy	Version	1
Committee Recommending:	Finance Committee	Approval Date	4.16.2020
Approved By	Full Board	Approval Date	5.13.2022
Committee Responsible for Oversight:	Finance Committee		



ARTICLE III

Ethics and Accountability



MINNESOTA STATE UNIVERSITY MANKATO

FOUNDATION

Article 3-3.1 Mission Statement of Minnesota State University Mankato Foundation

Mission

To enhance the University’s ability to achieve its mission by encouraging and stewarding sustained philanthropic support from alumni and friends.

Title	Accessing Database Information	Version	1
Committee Recommending:	Governance and Membership Committee	Approval Date	4.10.2020
Approved By	Full Board	Approval Date	5.13.2022
Committee Responsible for Oversight:	Governance and Membership Committee		



Article 3-3.2 Conflict of Interest Policy and Conflict of Interest Disclosure Form

1.0 Purpose

The purpose of this conflict of interest policy is to establish the procedures applicable to the identification and resolution of conflicts of interest in the context of transactions or arrangements entered into by the Minnesota State University Mankato Foundation (hereafter, Foundation) where an Interested Person (defined below) may have a Financial Interest (defined below) in or Fiduciary Responsibility (as defined below) towards an individual or entity with which the Foundation is negotiating a transaction or arrangement. The determination that a conflict of interest exists does not prohibit the Foundation from entering into the proposed transaction or arrangement provided that the procedures set forth in Article III below are followed. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

2.0 Definitions

2.1 Interested Person

Any director, principal officer, or member of a committee with board-delegated powers who has either (a) a direct or indirect financial interest, as defined below (“Financial Interest”); or (b) a fiduciary responsibility to another organization, as defined below (“Fiduciary Responsibility”), is an interested person.

2.2 Financial Interest

A person has a Financial Interest if the person has, directly or indirectly, through business, investment or family (which are spouse, children and stepchildren, and other relatives living with such person):

- 2.2.1 an ownership or investment interest in any entity with which the Foundation has a transaction or arrangement (including but not limited to grants); or
- 2.2.2 a compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement (including but not limited to grants);
- 2.2.3 a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction or arrangement (including but not limited to grants); or
- 2.2.4 other than an arm's-length relationship with prospective or actual grantees relative to the design of specific projects, preparation of specific proposals and review and oversight of funded projects, and the Foundation related activities.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in

nature. Gifts and favors include any gratuitous service, loan, discount, money or article of value, but does not include loans from financial institutional on customary terms, articles of nominal value ordinarily used for sales promotion, ordinary "business lunches" or reasonable entertainment consistent with local social or business customs.

A Financial Interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a Financial Interest may have a conflict of interest only if the board or appropriate committee decides that a conflict of interest exists.

3.0 Fiduciary Responsibility

A person has a Fiduciary Responsibility towards an organization or individual if he or she:

- 3.1 occupies a position of special confidence towards such organization or individual;
- 3.2 holds in trust property in which another person has the beneficial title of interest, or who receives and controls the income of another; or
- 3.3 has a duty of loyalty or duty of care to an organization (by virtue of serving as an officer or director of an organization or other position with similar responsibilities). A duty of loyalty requires the person to refrain from dealing with the Foundation on behalf of a party having an interest adverse to the Foundation and refrain from competing with the Foundation. A duty of care requires the person to discharge his or her duties in good faith and in a manner he or she reasonably believes to be in the best interests of the Foundation.

A Fiduciary Responsibility is not necessarily a conflict of interest. Under Section 4, Part 2, a person who has a Fiduciary Responsibility may have a conflict of interest only if the board or appropriate committee decides that a conflict of interest exists.

4.0 Procedures

4.1 Duty to Disclose

In connection with any actual or possible conflicts of interest, an interested person must disclose the existence and nature of his or her Financial Interest or Fiduciary Responsibility and all material facts to the managers and members of committees with board-delegated powers considering the proposed transaction or arrangements.

4.2 Determining Whether a Conflict of Interest Exists

After disclosure of the Financial Interest or Fiduciary Responsibility and all material facts, and after any discussion with the interested person, he or she shall leave the board or committee meeting while the final determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

4.3 Procedures for Addressing the Conflict of Interest

An interested person may make a factual presentation at the board or committee meeting, but after such presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest. An interested person shall not actively participate in the discussion of, or vote on, the transaction or arrangement that results in the conflict of interest, either formally at a board or committee meeting or informally through contact with individual board or

committee members. In addition, the interested person should not be counted in determining whether a quorum is present for the board or committee meeting at which the transaction or arrangement that results in the conflict of interest is to be voted upon.

- 4.3.1 The chair of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- 4.3.2 After exercising due diligence, the board or committee shall determine whether the Foundation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
- 4.3.3 If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote (or other voting requirement, as provided in the operating agreement) of the disinterested managers whether the transaction or arrangement is in the Foundation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Foundation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

5.0 Violations of the Conflicts of Interest Policy

- 5.1 If the board or committee has reasonable cause to believe that a director has failed to disclose actual or possible conflicts of interest, it shall inform the director of the basis for such belief and afford the director an opportunity to explain the alleged failure to disclose.
- 5.2 If, after hearing the response of the director and making such further investigation as may be warranted in the circumstances, the board or committee determines that the director has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective actions.

6.0 Records of Proceedings

The minutes of the board and all committees with board-delegated powers shall contain:

- 6.1 the names of the persons who disclosed or otherwise were found to have a Financial Interest or a Fiduciary Responsibility in connection with an actual or possible conflict of interest, the nature of the Financial Interest or Fiduciary Responsibility, any action taken to determine whether a conflict of interest was present, and the board's or committee's decision as to whether a conflict of interest in fact existed.
- 6.2 the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the names of the persons who recused themselves from such discussion and votes, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

7.0 Annual Statements

Each director, principal officer, and member of a committee with board-delegated powers annually shall sign an acknowledgement and disclosure form that:

- 7.1 Affirms that such person has received and reviewed a copy of the conflict of interest policy and

agreed to comply with its terms;

- 7.2 Requires that such person disclose any Financial Interest in or Fiduciary Responsibility towards any entity such person believes may enter into a proposed transaction with the Foundation in the upcoming year.

8.0 Periodic Reviews

To ensure that the Foundation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- 8.1 Whether any grants are made to disqualified persons, or otherwise result in an excess benefit transaction.
- 8.2 Whether arrangements with other organizations conform to the Foundation’s applicable written policies, are properly recorded, reflect reasonable payments for goods and services, if any, further the Foundation’s charitable purposes and do not result in inurement or impermissible private benefit.

9.0 Use of Outside Experts

In conducting the periodic reviews provided for in Section 8, the Foundation may, but need not, use outside experts. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.

Title	Conflict of Interest Policy and Guidelines	Version	1
Committee Recommending:	Audit Committee	Approval Date	2.14.2020
Approved By:	Full Board	Approval Date	5.13.2022
Committee Responsible for Oversight:	Audit Committee		

Appendix A

Conflict of Interest Acknowledgement/Disclosure Form

Minnesota State University Mankato

1. CONFLICTING ORGANIZATIONS

I am a director, trustee, officer, representative of, or have a Financial Interest in the following organizations that have or may have a conflict with the interests of the Minnesota State University Foundation:

Organization and Title or Interest:

2. CONFLICTING ACTIVITIES/OBLIGATIONS

I am involved in no activity or transaction, nor am I a party to any contract involving interests that are or could be found to be adverse to the Minnesota State University Foundation except for the following:

3. CONFLICTING BUSINESS OPPORTUNITIES/COMMITMENTS

I have not committed to, nor am I pursuing, any business opportunity that does or might adversely affect the Minnesota State University Foundation except for the following:

4. CONFLICTING RELATIONSHIPS

I do not have a Fiduciary Relationship with any person with whom the Minnesota State University Foundation is pursuing a business opportunity except for the following:

5. OTHER POTENTIAL CONFLICTS

Any other concerns I may have regarding actual or potential conflicts of interest are listed below:

I have received and reviewed the Minnesota State University Foundation's Conflict of Interest Policy, and to the best of my knowledge, I have accurately answered the above questions.

Dated: _____

By:

Signature: _____

Name: _____

Title: _____



Article 3-3.3 Confidentiality Policy

1.0 The Foundation has been entrusted with highly confidential information regarding alumni, donors, students and friends of the University. In response to this trust and federal FERPA guidelines, the Foundation insists on strict compliance of confidentiality when using such information.

1.1 This policy applies to:

- 1.1.1 Foundation Board of Directors;
- 1.1.2 University Foundation volunteers
- 1.1.3 Minnesota State University, Mankato faculty and staff
- 1.1.4 Minnesota State Student Association;
- 1.1.5 Students employed by University Advancement

2.0 Related Policies and Provisions: Minnesota Government Data Practices Act

The Minnesota Government Data Practices Act (MGDPA), Minn. Stat. § 13, is a state law that controls how government data are collected, created, stored (maintained), used and released (disseminated). The MGDPA sets out certain requirements relating to the right of the public to access government data and the rights of individuals who are the subjects of government data.

Briefly, the MGDPA regulates:

- What information can be collected
- Who may see or have the information
- Classification of specific types of government data
- Duties of government personnel in administering the provisions of the MGDPA
- Procedures for access to the information
- Procedures for classifying information
- Civil penalties for violation of the MGDPA
- Charging fees for copies of government data

The actual text of Minn. Stat. § 13, and Minn. R. 1205, the Rules Governing Data Practices as promulgated by the Minnesota Department of Administration, can be found online.

What are Government Data?

Government data is defined as "all data collected, created, received, maintained, or disseminated by any government entity regardless of its physical form, storage media, or conditions of use." Thus, as long as information is recorded or stored in some way by a government entity, they are government data, no matter what physical form they are in, or how they are stored or used. Government data may be stored on paper, in

electronic form, on audio or videotape, on charts, maps, etc. Government data do not include mental impressions.

It is important to remember that government data are regulated at the level of individual items or elements of data. A document, record, or file contains many data elements.

Who must comply with the MGDPA?

The MGDPA applies to all data collected, created, received, maintained or disseminated by any government entity. The MGDPA defines "government entity" as "a state agency, statewide system, or political subdivision." The term "political subdivision," for purposes of the MGDPA, includes counties, cities, school districts, special districts, boards, commissions, and district; as well as authorities created by law, local ordinance or charter provision. State-level entities include the Minnesota State University System , the University of Minnesota System, and state-level offices, departments, commissions, officers, bureaus, divisions, boards, authorities, districts, and agencies.

Statewide systems are also subject to the MGDPA. A statewide system is any record keeping or data administering system that is established by federal law, state statute, administrative decision, or agreement, or joint powers agreement, and that is common to any combination of state agencies and/or political subdivisions.

Additionally, if a government entity enters a contractual arrangement with a private party to perform any governmental function, that private party is subject to the MGDPA with regards to any of the data created, collected, received, stored, used, maintained or disseminated in the performance of the agreement and must comply with the MGDPA as if it were a government entity.

What are the consequences for MGDPA noncompliance?

A government entity may be sued for violating any MGDPA provisions. An action to compel a government entity to comply with the MGDPA may be brought in either a Minnesota District Court or with the Minnesota Office of Administrative Hearings. A government entity found to be in violation may be ordered to comply with the MGDPA, pay a civil penalty up to \$1,000, and pay the aggrieved person's costs and disbursements including attorney's fees. Additionally, the MGDPA provides criminal penalties, and disciplinary action including dismissal from public employment, for anyone who willfully (knowingly) violates a provision of the MGDPA.

Where can more information about the MGDPA be found?

The following sources may provide helpful information about the MGDPA and other data practices laws.

Local government associations may be consulted for information specific to data practices matters within their jurisdiction.

- [Association of Minnesota Counties](#)
- [Minnesota County Intergovernmental Trust](#)
- [League of Minnesota Cities](#)
- [Minnesota School Boards Association](#)
- [Minnesota Association of County Officers](#)

- Minnesota Police and Peace Officers Association

Additional information, educational resources, and assistance with data practices issues is available at: Minnesota Dept. of Administration: Data Practices Office.

Opinions issued by the Commissioner of Administration, pursuant to Minn. Stat. §13.072, are available on the IPAD website. Copies of individual opinions, an opinion summary, and an index to Commissioner's Opinions are available from IPAD upon request.

3.0 Annual Certification

- 3.1 There are valid reasons for volunteers or faculty/staff/students to have access to confidential information in the University Alumni/Donor database. Prior to access being given, the Senior Director of Advancement Services will review and decide if access will be provided.
- 3.2 Prior to access being granted, individuals must sign and return the University Advancement Data Confidentiality Agreement. Failure to respect the confidential nature of any or all information used or acquired by the Foundation may result in disciplinary action being taken, including termination from the University or the University Foundation Board. The Foundation retains the right to pursue prosecution when misuse of information or resources is determined.
- 3.3 The University Advancement Data Confidentiality Agreement is limited to the Foundation's fiscal year (July 1st-June 30th). Individuals may receive access in successive years, but a new University Advancement Data Confidentiality Agreement must be in place for each fiscal year.

Title	Accessing Database Information	Version	1
Committee Recommending:	Audit Committee	Approval Date	2.14.2020
Approved By	Full Board	Approval Date	5.13.2022
Committee Responsible for Oversight:	Audit Committee		



Article 3-3.4 Accessing Database Information Policy and Guidelines

1.0 Purpose

The Board of Directors of Minnesota State University Foundation (hereafter, “Foundation”), represented by University Advancement staff (hereafter, “UA Staff”) will own, share, and maintain the database of graduates, friends and donors of the University, subject to the terms and restrictions set forth in this agreement.

These records enable the Alumni Association, Foundation, and the University to communicate with their constituents for fund raising, special events, and to provide news and information. View-only access to the database may be provided on an as needed basis to certain University personnel, subject to appropriate confidentiality agreements and policies.

These policies are established by the Foundation and are applicable to all Departments and Colleges of Minnesota State University, Mankato. UA Staff, on behalf of the Foundation, are responsible for maintaining the database.

Users of the data need to be aware that the information is confidential and may not be used or released in any format or for any reason other than for the purposes of Minnesota State University, Mankato and more specifically for fundraising/development or alumni relations. Any individual having access to any of the database information including that which appears singly or as part of labels or lists may not release the information to the general public or be used or sold for personal gain.

To help ensure timeliness and accuracy of records as well as reduce address correction costs, home address and business information received about or from alumni and friends should be forwarded to University Advancement. The Foundation maintains the biographical history, contribution history, donor prospect management and scholarship module of the database for graduates, friends, and donors of the University. The Foundation maintains these modules in effort to recognize donors for their contributions to the University, to research and track current and prospective donors, and to steward past donors.

2.0 Donor Information General Statement

Donor information shall not be released except as permitted under these guidelines or as required by law.

2.1 Definition of Donor Related Information

Donor information is defined as the name, address, telephone number, email address, prospect tracking, gift history, financial data, wealth rankings, or any other information pertaining to a donor or potential donor to Minnesota State University, Mankato, which is gathered by the Foundation, Alumni Association, or any other University employee.

3.0 Access and Use of Donor Information

3.1 Donor information may be accessed only by Foundation, Alumni Association or University employees who are authorized by the Foundation and who have a need to know in order to perform an authorized University function or activity. Donor information shall be used solely for development purposes in

accordance with applicable policies, including policies regarding return of information, restriction on distribution or dissemination, and restriction on printing and return of printed data.

3.2 Members of the campus community may request alumni and/or donor information for the purposes of communication and engagement. Requests for lists will be fulfilled in accordance with these policies but will not include contact information.

3.3 UA Staff will provide the communications pathway as a service to the campus.

3.3.1 Through the use of its communications software, will send email or ground mail to individuals and/or groups, on behalf of campus community members. Content will be created by the “sendee”, and in consultation with UA Staff the appropriate distribution group and schedule will be established.

3.3.2 UA Staff, through the use of its event management software, will send event marketing and on-line registration information to individuals and/or groups, on behalf of campus community members. Content will be created by the “sendee”, and in consultation with UA Staff the appropriate distribution group and schedule will be established. UA Staff will provide the “sendee” with event registration reports and confirm all financial transactions occur as predetermined.

4.0 Requests for Donor Information

Any requests for donor information by any persons or entities not authorized to receive such information should be directed to the Senior Director of Advancement Services or the Associate Vice President of Advancement.

5.0 Non-compliance

Failure to comply with this policy may result in denial of future access to donor information and other disciplinary action.

6.0 Biographical Information General Statement

Biographical information will not be released except as permitted under these guidelines or as required by law.

6.1 Biographical Information Definition

Biographical information is defined as the name, address, email address, telephone number or any other miscellaneous information pertaining to any individual or corporation record on the database (exclusive of prospect tracking, gift history, wealth rankings, or other financial data).

6.2 Access and Use of Biographical Information

Biographical information may be accessed only by Alumni Association, Foundation, or University employees who are authorized by the Foundation and have a need to know in order to perform an authorized University function or activity. This information shall be used for development and alumni constituent purposes only.

6.3 Release of Biographical Information

University Advancement staff, on behalf of the Foundation, will perform the following functions with respect to requests for information without prior permission of the alumni and donors:

6.3.1 Associated Organizations

Biographical information may be released to organizations associated with the University only if the organization certifies in writing that:

- a. It will use the information only in an activity that will directly benefit the University. Together the Alumni Association and the Foundation will have the final authority to determine if an activity will directly provide a benefit for the University.
- b. It will not use the information for any other purpose.
- c. It shall not release or disclose the information to any third party. It shall not release the information to a person affiliated with the organization unless that person has a need to know and that person agrees to maintain the confidentiality of the information pursuant to these guidelines.

7.0 Alumni Directories

The Alumni Association shall provide alumni information to departments, colleges and units wishing to publish an alumni directory. Units must obtain alumni information for these purposes from the Alumni Association. The following are included with alumni directories and fall under direct control of the Alumni Association.

7.1 All directories published for departments, colleges and other University affiliated organizations that contain biographical information.

7.2 All electronic directories, including those available on websites, that contain biographical information.

8.0 Other Affiliated Use

Biographical information may be used or made available under the following additional circumstances by Foundation and Alumni Association:

8.1 If the mailing or use benefits or promotes Minnesota State University Mankato, and

8.2 The biographical information and lists are not sold to any third party.

Title	Accessing Database Information	Version	1
Committee Recommending:	Audit Committee	Approval Date	2.14.2020
Approved By	Full Board	Approval Date	5.13.2022
Committee Responsible for Oversight:	Audit Committee		

ARTICLE 3-3.5 DOCUMENT RETENTION AND DESTRUCTION POLICY

Minnesota State University, Mankato Foundation will follow Minnesota State University, Mankato Record Retention procedures with regard to the retention and destruction of records. All University employees engaged with donor and accounting records must adhere to these Record Retention procedures. It is the Foundation Board’s position that a separate Foundation policy is not needed.

If the University changes its Record Retention procedures directly affecting Foundation records, the Foundation Board Chair and Audit Committee Chair will be notified by the Executive Director and a determination can be made to take further action if needed.

Title	Document Retention and Destruction Policy	Version	1
Committee:	Audit Committee	Approval Date	2.14.2020
Approved By:	Full Board	Approval Date	5.13.2022
Committee Responsible for Oversight:	Audit Committee		



Article 3-3.6 Whistleblower Policy

1.0 General

The Minnesota State University Mankato Foundation (hereafter, Foundation) requires its directors, officers and other volunteers to observe high standards of business and personal ethics in the conduct of their duties and responsibilities, practice honesty and integrity in fulfilling their responsibilities and comply with all applicable laws and regulations as well as policies of the Foundation. The Foundation does not have any employees.

The objectives of the Foundation's Whistleblower Policy are to establish policies and procedures for:

- 1.1 Directors, officers, and volunteers of the Foundation to submit, on an anonymous and confidential basis, concerns regarding questionable accounting or auditing matters or violations or suspected violations of the Foundation's Code.
- 1.2 The receipt, retention, and treatment of complaints received by the Foundation regarding accounting, internal controls, or auditing matters.
- 1.3 The protection of directors, officers and volunteers reporting concerns from retaliatory actions.

2.0 Reporting Responsibility

Each director, officer and volunteer of the Foundation has an obligation to report in accordance with this Whistleblower Policy (a) questionable or improper accounting or auditing matters, and (b) violations and suspected violations of the Foundation's Code (individually referred to as a "Concern" and collectively referred to as "Concerns").

3.0 Authority of Board of Directors

All reported Concerns will be forwarded to the Board of Directors in accordance with the procedures set forth herein. The Board of Directors shall be responsible for investigating and taking appropriate action on all reported Concerns.

4.0 No Retaliation

This Whistleblower Policy is intended to encourage and enable directors, officers, and volunteers, to raise Concerns within the Foundation for investigation and appropriate action. In consideration of the same, no director, officer, or volunteer who, in good faith, reports a Concern shall be subject to harassment or retaliation. Moreover, a director, officer or volunteer who retaliates against someone who has reported a Concern in good faith is subject to discipline up to and including dismissal from the volunteer position.

5.0 Reporting Concerns

Directors, officers and volunteers should submit Concerns in writing directly to the Chair or to any other member of the Board of Directors if the Concern involves the Chair. The director who receives the Concern shall immediately bring the Concern to the attention of the Board of Directors.

Concerns may be submitted anonymously. It is recommended that an anonymous report of a Concern be submitted in writing and sent directly to the Board Chair.

6.0 Handling of Reported Concerns

The director who receives the Concern shall notify the sender and acknowledge receipt of the Concern within five business days, if possible. It will not be possible to acknowledge receipt of anonymously submitted Concerns.

All reported Concerns will be promptly investigated by the Board of Directors who will take appropriate corrective action if warranted by the investigation. A director who is the subject of a Concern may not participate in the investigation of or decision regarding such Concern. In addition, any action taken must include a conclusion and/or follow-up with the reporting individual for complete closure of the Concern.

The Board of Directors in the investigation and consideration of a Concern is authorized to seek outside legal counsel, accountants, private investigators, or any other resource deemed necessary to conduct a full and complete investigation of the allegations.

7.0 Acting in Good Faith

Anyone reporting a Concern must act in good faith and have reasonable grounds for believing the information disclosed indicates an improper accounting or auditing practice, or a violation of the Code. The act of making allegations that prove to be unsubstantiated, and that prove to have been made maliciously, recklessly, or with the foreknowledge that the allegations are false, will be viewed as a serious disciplinary offense and may result in discipline, up to and including removal from the Board of Directors or officer position or dismissal from the volunteer position. Such conduct may also give rise to other actions, including civil lawsuits.

8.0 Confidentiality

Reports of Concerns, and investigations pertaining thereto, shall be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation. Disclosure of reports of Concerns to individuals not involved in the investigation will be viewed as a serious disciplinary offense and may result in removal from the Board of Directors, or officer position or dismissal from a volunteer position. Such conduct may also give rise to other actions, including civil lawsuits.

Title	Whistle Blower Policy	Version	1
Committee Recommending:	Audit Committee	Approval Date	2.14.2020
Approved By	Full Board	Approval Date	5.13.2022
Committee Responsible for Oversight:	Audit Committee		

Appendix

Whistleblower Tracking Report						
Date Submitted	Tracking Number	Description of Concern	Submitted By	Current Status: R – Resolved UI – Under Investigation D – Dismissed W – Withdrawn P – Pending/ No Action	Actions Taken	
					Date	Comments

Article 3-3.7 Review and Revision of Documents and Policies

- 1.0** The Governance and Membership Committee is responsible for coordinating the regular reviews and updates of the Foundation’s bylaws, policies and other governing documents. Each Foundation policy shall name a committee(s) who is responsible for the regular review and for suggesting revisions if necessary.
- 2.0** A regular review shall occur every three years as determined by the Governance and Membership Committee.
- 3.0** Review Process; In July of the review year, the Foundation’s Executive Director will send copies of the policies to each of the appropriate reviewers requesting an assessment in 30 days. The assessment will answer the following questions and recommend appropriate revisions where necessary:
 - 3.1 Relevance: Is the policy still relevant and necessary?
 - 3.2 Efficiency: Is the policy effectively achieving its goal? Is the implementation process efficient?
 - 3.3 Impacts: Are there any long-term effects of the policy that need to be addressed? Have conflicts arisen with other policies, or have new events impacted the policy?
 - 3.4 Sustainability: Do the benefits of this policy continue to accrue to the Foundation?
- 4.0** In August of the review year, the Executive Director will compile and provide the assessments to the Governance and Membership Committee for review and action if necessary.
- 5.0** The Governance and Membership Committee will consider the revisions proposed:
 - 5.1 Evaluate what effect the recommended revisions may have on other sections of the policy manual or on the mission of the Foundation.
 - 5.2 Confer with the Foundation’s legal counsel if necessary.
 - 5.3 Notify the appropriate reviewer if there is any variance or conflict in the recommended revisions and work to remedy differences.
- 6.0** The Governance and Membership Committee will present recommended revisions to the Executive Committee during their fall meeting. The Governance and Membership Committee will present final revisions to the full board for adoption during their fall meeting.

Title	Accessing Database Information	Version	1
Committee Recommending:	Governance and Membership Committee	Approval Date	4.10.2020
Approved By	Full Board	Approval Date	5.13.2022
Committee Responsible for Oversight:	Governance and Membership Committee		

Article 3-3.8 External Audit Policy

1.0 Purpose

Minnesota State University Mankato Foundation annually completes a comprehensive audit process.

- 1.1 The audit ensures compliance with Federal and State regulations, confirm appropriate application of accounting rules and principles; verify existence of adequate internal controls, and attest whether financial statements are relevant, accurate, complete, and fairly represent the position and performance of the Foundation to interested parties.
- 1.2 This policy establishes the Audit Committee's role in appointing external auditors and provides the requirements and guidelines to be used in screening, engaging and monitoring of the external auditor.

2.0 Scope of Work

- 2.1. A comprehensive itemization of the audit, tax and consulting services sought shall be provided. Additional services included, but not limited to:
 - 2.1.1 Schedules for conducting interim and final fieldwork.
 - 2.1.2 Required financial statements and reports.
 - 2.1.3 Federal, State and other regulatory body tax and information returns.
 - 2.1.4 Subject matter expertise on nonprofits and charitable contributions.

3.0 Auditor Engagement Process

- 3.1 The engagement will be for three (3) years with the potential for an additional three (3) years with the same senior partner and reviewer (3). Should the senior partner/reviewer be unavailable, the Audit committee will discuss and accept or not accept the Audit partner's recommended replacement. The second three-year engagement is at the discretion of the Audit Committee with ratification by the Board.
 - 3.1.1 If the second three-year term is not recommended, the Audit Committee will begin the RFP process at the earliest possible date.
 - 3.1.2 If the next RFP is following a six-year engagement, the incumbent firm may respond to the new RFP, however the firm must change the incumbent senior partner/reviewer.
- 3.2 Request-for-Proposal (RFP) - A formal RFP process shall be used to seek qualified accounting firms for independent audit services. Content and process of the RFP shall follow the University's guidelines, though may be processed outside the University Contract Office.
- 3.3 Selection Criteria
 - 3.3.1 The fundamental criteria to be used in selecting the external audit firm should be reputation, capability, and cost of services.
 - 3.3.2 The audit firm selected should have demonstrated through the RFP evaluation process that the engagement proposal is complete, responsible, and responsive to the audit specifications and request proposals.

4.0 Post Audit Performance Review

Following the report of external audit results for each fiscal year, the Audit Committee will evaluate the performance of the audit firm. The performance evaluation should consider the following factors:

- 4.1 Did the firm meet all the requirements, including the instructions, procedures, and format called for by the Minnesota State University Mankato Foundation, along with any state of Minnesota and Minn State system requirements?
- 4.2 Did the firm maintain an audit schedule, which met specification requirements?
- 4.3 Were reports and recommendations timely, clear, complete, and fair?
- 4.4 Did firm personnel perform their duties in a professional manner?
- 4.5 Has the audit firm assigned different, yet fully qualified personnel to perform the audit on a cyclical basis in order to ensure new audit perspectives are continually brought forward?
- 4.6 Was the firm responsive to special audit service needs during the year?

Title	External Audit Policy	Version	
Committee Recommending:	Audit Committee	Approval Date	1/4/2022
Approved By	Full Board	Approval Date	5/13/2022
Committee Responsible for Oversight:	Audit Committee		



ARTICLE IV

Fundraising and Development



MINNESOTA STATE UNIVERSITY MANKATO

FOUNDATION

Gift Acceptance Guidelines (GAP)

1.0. Purpose.....	3
2.0. Use of Legal Counsel.....	3
3.0 Donor Independent Counsel and Advice.....	3
4.0. Ethics in Receiving Gifts.....	3
5.0. Gift Acceptance Committee.....	4
5.1. Membership.....	4
5.2. Responsibility.....	4
6.0. Categories of Gifts.....	4
6.1. Unrestricted Gifts.....	4
6.2. Restricted Gifts.....	4
7.0. Assets Acceptable as Gifts.....	5
7.1. Cash.....	5
7.2. Securities.....	5
7.2.1. Publicly Traded Securities.....	5
7.2.2. Closely Held Securities.....	6
7.3. Cryptocurrency.....	6
7.4. Real Estate.....	7
7.4.1. Environmental Review.....	7
7.4.2. Title Binder.....	7
7.4.3. Gift Acceptance Committee.....	7
7.4.4. Retained Life Estates.....	7
7.5. Tangible Personal Property.....	8
7.6. Gifts In-Kind.....	8
7.6.1. Software Gift Acceptance.....	8
7.6.2. Acceptance.....	9
7.6.3. Appraisal Guidelines.....	9
7.6.4. Donated Services.....	9
7.6.5. Tax Deductibility.....	9
7.6.6. Acknowledging Gifts-In-Kind.....	10
7.7. Life Insurance.....	10
7.7.1. Recording of life insurance gifts.....	10
7.7.2. Insurance premium options.....	10
7.8. Charitable Remainder Trusts.....	10
7.9. Charitable Lead Trusts.....	11
7.10. Retirement Plan Beneficiary Designations.....	11
7.11. Bequests.....	11
7.12. Intellectual Property Rights.....	11
7.13. Other Assets and Forms Gifts May Take.....	12

8.0.	Acceptance of Restricted Gifts	12
8.1.	Furtherance of mission	12
8.2.	Reasonableness of cost.....	12
9.0.	Valuing Gifts.....	12
10.0.	Declining Gifts	13
11.0.	Endowed Funds	13
11.1.	Foundation Endowment	13
11.2.	Other Endowed Funds.....	13
12.0	Pledges	13
12.1.	Current Pledges	13
12.2.	Deferred Pledges	13
12.3.	Conditional Pledges.....	14
13.0.	Policy Exceptions.....	14
13.1.	General Exceptions	14
13.2.	Exceptions for Completed Gifts and Gifts under Negotiation	14
13.3.	Reviewing Gifts for Conformity	14
14.0.	Preferential Language within a Gift Agreement	14
14.1	Preferences and Requirements	14
14.2.	Laws, Policies and Regulations.....	17
	Equal Opportunity and Non-Discrimination Policy, POL 04.25.05	17
	First Amendment’s Establishment Clause of the U.S. Constitution.....	17
	Fourteenth Amendment of the Constitution	17
	Title IX.....	17
	Title VI.....	17
	Title VII of the Civil Rights Act of 1964.....	17
15.0.	Miscellaneous Provisions.....	17
15.1.	Authority to Negotiate.....	17
15.2.	Securing appraisals and legal fees.....	17
15.3.	Responsibility for IRS Filings upon Disposition of Items	17
15.4.	Acknowledgment of Gifts	18

Appendix A: Acceptance of Types of Non-Cash Gifts

Appendix B: Deferred or Future Gifts

Appendix C: Gifts-In-Kind Acceptance and Acknowledgement Policies

Appendix D: Potential Property Gift Data

1.0. Purpose

The Board of Directors of Minnesota State University, Mankato Foundation (hereafter, “Foundation”), represented by the University Advancement staff (hereafter, “UA Staff”) offers the donor the opportunity to make gifts to Foundation, both of cash and non-cash assets in a manner that furthers the donor’s philanthropic goals while staying consistent with the mission as well as the fiscal and legal integrity of the Foundation. The mission of the Foundation is to enhance and steward sustained philanthropic support from alumni and friends of Minnesota State University, Mankato (hereafter, “University”). This Board is committed to seek such support aggressively from individuals, corporations and foundations to secure the future growth and mission of the University and to provide adequate staff and resources for full and effective programs. These guidelines govern the acceptance of gifts by the Foundation and provide guidance to prospective donors and their advisors when making gifts to the Foundation. The provisions of these Gift Acceptance Guidelines shall apply to all gifts received by the Foundation for any of its programs or services and are intended to:

- Follow CASE Reporting Standards and Management Guidelines.
- Be straightforward and honest.
- Fulfill all legal requirements.
- Be fair and sensitive to donors.
- Further the mission of the University.

2.0. Use of Legal Counsel

The Foundation shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by legal counsel is recommended for:

- 2.1. Closely held securities or stock transfers that are subject to restrictions or buy-sell agreements
- 2.2. Documents naming Foundation as Trustee
- 2.3. Gifts involving contracts, such as bargain sales or other documents requiring the Foundation to assume an obligation
- 2.4. Transactions that may invoke IRS sanctions
- 2.5. Gifts of patents and intellectual property
- 2.6. Other instances in which use of legal counsel is deemed appropriate by the Gift Acceptance Committee described in Section 5.

3.0 Donor Independent Counsel and Advice

The Foundation will urge all prospective donors to seek the assistance of personal legal and financial advisors to advise them on the tax and estate planning implications of their gifts. The Foundation will not provide legal or financial advice on the deductibility of gifts.

4.0. Ethics in Receiving Gifts

The Board authorizes the acceptance of gifts to the Foundation only where there is genuine donative intent, where there has been full disclosure between the donor and Foundation, where the donor has been encouraged to seek her/his own counsel on legal and financial matters, and where the gift fulfills the donor’s intent and furthers the mission of Foundation. During gift solicitation and acceptance, it is vital that Foundation’s tax-exempt status be maintained and protected. Gift requirements must support the Foundation’s mission, and any restricted use stipulated for a gift must be consistent with prevailing laws and public policies. The Board does not authorize the acceptance of gifts that would jeopardize the financial, legal or moral integrity or reputation of

the Foundation, that would be inconsistent with the Foundation's mission, purposes and priorities, or where the gift would cause embarrassment to the donor, his/her family or any others.

5.0. Gift Acceptance Committee

5.1. Membership

The Gift Acceptance Committee shall consist of the following members:

- Vice Chair of the Board,
- One additional Board director,
- Executive Director of the Foundation,
- Senior Director of Advancement Services,
- Vice President for Finance and Administration,
- An appointed Development Officer.

5.2. Responsibility

The Gift Acceptance Committee is charged with the responsibility of reviewing gift acceptance procedures and making recommendations to the Board on gift acceptance issues when appropriate. The committee will review Gift Acceptance Guidelines at least annually or more often as needed to ensure that they remain consistent with applicable laws and programs of the Foundation.

The committee shall meet as needed to review gifts to the Foundation. They may seek the advice or input of any party they deem appropriate to make a fiscally, legally and morally sound decision. The committee shall report its actions to the Board Chair and to the Finance Committee of the Board. The Gift Acceptance Committee may request that the Board of Directors, in regular session, ratify its committee decisions when appropriate. Potentially controversial gifts are to receive a recommendation for action by the Gift Acceptance Committee, be reviewed by legal counsel, and be deferred to the Executive Committee of the Board for acceptance or rejection.

6.0. Categories of Gifts

The Foundation divides gifts into three broad categories and sets forth the criteria for accepting each type of gift. Before accepting any gift, the Foundation must ensure not only that the gift is consistent with the mission of the Foundation, but also that acceptance of the gift will not result in, or create the appearance of, any private benefit. Briefly summarized, the categories include:

6.1. Unrestricted Gifts

Gifts made with no conditions on their use, which therefore can be used for any Foundation purpose.

6.2. Restricted Gifts

Gifts made for a specific purpose or with conditions on their use.

Each category, unrestricted and restricted, will include gifts of all different types including, but not restricted to, those gifts defined in 7.0 Assets Acceptable as Gifts.

6.3 Assets Acceptable as Gifts

Categories of Gifts and Assets Acceptable as Gifts will include both current use and deferred/ future gifts such as bequest expectancies (wills, trusts, and retirement plan assets), life insurance and other planned gift instruments. The Foundation will encourage future gifts to be made without restriction,

since specific restrictions may become inactive or non-existent over time. The Foundation reserves the right to decline restricted future gifts.

Upon the donor's request, the Foundation will provide language to assist in establishing a restricted future/deferred gift. Sample language: *"This designation represents a preferred use for these funds and is not an absolute restriction. Should the exact designation cease to be effective or practicable before or after the gift is received by the Foundation, the Board is authorized to use this gift in an alternative way consistent with the general intent of this designation."*

Gifts received where the Foundation had no prior knowledge of the amount or nature of the gift will be treated as if the language above had been included, unless legally impossible. Gifts of less than \$50,000 will be placed in the General Endowment Fund when the restriction no longer exists.

7.0. Assets Acceptable as Gifts

The following assets are acceptable as described, as outright gifts, as bequests or devises (estate gifts), or when appropriate, as funding for a charitable remainder trust, gift annuity, pooled income fund gift or lead trust as determined by the Internal Revenue Code.

When recording and counting all gift types, recognition credit will be placed on spouse, business and account owner records as appropriate.

7.1. Cash

Cash can be received in any form. In order to ensure prudent financial controls and compliance with IRS receipting requirements, gifts of \$250 or more should be given in forms other than currency (e.g., checks, credit card, digital wallet, or wire transfers).

Cash gifts will be counted at face value. Foreign currencies shall be valued at the exchange rate on the date of receipt.

Credit for cash gifts will be placed with the entity issuing payment. Exception: If payment is received directly from a third-party organization and it is documented that it is payment for a person's work/services to that organization, credit will be given as a gift from the person, not the third party. In the case of matching gifts, gifts through donor advised funds, donor-owned companies and other similar instances, recognition credit will be placed with the person or persons who has a relationship with the University.

Receipts are issued to the entity issuing payment. If payment is given online, the receipt is issued via email. All other receipts are mailed via first class postage. Depending on the gift source, a letter may also be issued to other appropriate persons (ex: gifts from donor advised funds).

7.2. Securities

7.2.1. Publicly Traded Securities

Listed securities, or securities actively traded over-the-counter are acceptable.

Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. All marketable securities shall be sold upon receipt unless otherwise directed by the Investment Committee. In some cases applicable securities laws may restrict marketable securities; in such instance, the Gift

Acceptance Committee shall make the final determination on the acceptance of the restricted securities.

Marketable securities will be recorded to the donor's record at the average of the high and low quoted selling prices on the date the donor transfers the security to the Foundation and the security is under the Foundation's control. Neither losses nor gains that result from the Foundation's sale of the security nor brokerage fees or other expenses associated with the transaction will affect the recorded value. The donor of the traded securities will be issued a letter with trade information mailed via first class postage. A standard receipt is not issued.

7.2.2. Closely Held Securities

Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership forms, can be accepted subject to the approval of the Gift Acceptance Committee. There is no guarantee that the security can, or ever, will be sold. Gifts of closely held stock must be reviewed prior to acceptance to determine that:

- There are no restrictions on the security that would prevent the Foundation from ultimately converting those assets to cash;
- The security is marketable, and
- The security will not generate any undesirable tax consequences for the Foundation.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The Gift Acceptance Committee, and legal counsel when necessary, shall make the final determination on the acceptance of closely held securities. Every effort will be made to sell non-marketable securities as quickly as possible.

Counting and recording of closely held securities will follow publicly traded securities guidelines, IRS regulations and CASE counting standards.

The donor of the traded securities will be issued a letter with trade information mailed via first class postage. A standard receipt is not issued.

7.3. Cryptocurrency

Gifts of cryptocurrency will be accepted via the approved cryptocurrency service provider. The types of cryptocurrency the Foundation will accept are limited to those accepted by a third party service provider utilized by the Foundation. The Gift Acceptance Committee reserves the right to determine whether the Foundation will accept a gift of cryptocurrency.

All cryptocurrency shall be sold upon receipt unless otherwise directed by the Investment Committee. Counting and recording of cryptocurrency will follow IRS regulations and CASE counting standards. Neither losses nor gains that result from the Foundation's sale of the cryptocurrency nor brokerage fees or other expenses associated with the transaction will affect the recorded value.

The donor will be issued a letter which will list a description and quantity of the cryptocurrency, the date assigned, and a suggestion that the donor consult with their tax preparer to determine their filing requirements, including the determination to complete IRS Form 8283 and appraisal.

7.4. Real Estate

Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Real estate property that is mortgage free is acceptable at a minimum value of \$50,000. Full interests, partial interests and remainder interests in real property are all acceptable. Remainder interests are contracts. In the case of such gifts, the donor will be expected to agree to pay all property taxes, maintain the property, and provide adequate insurance on the property.

Conditions for acceptance shall include salability and annual maintenance costs including evaluation of any liens against the property and any real estate taxes. The donor may be asked to sign a statement regarding liability for previous and current environmental or other conditions if Foundation deems it appropriate.

Reporting: Gifts of real estate that qualify for a charitable deduction will be recorded at the appraised value and will follow CASE reporting standards. Real estate transactions will require applicable information be mailed to the donor via certified or first class postage. A standard receipt is not issued.

7.4.1. Environmental Review

The cost of the environmental audit shall generally be an expense of the donor.

Phase 1: Prior to acceptance of real estate the Foundation shall require an initial environmental review of the property to ensure that the property has no environmental damage.

Phase 2: In the event that the initial inspection reveals a potential problem the Foundation shall retain a qualified inspection firm to conduct an environmental audit.

7.4.2. Title Binder

When appropriate, a title binder shall be obtained by the Foundation prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor.

7.4.3. Gift Acceptance Committee

Prior to acceptance of the real property, the gift shall be approved by the Gift Acceptance Committee and potentially by the Foundation's legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of the Foundation?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does the environmental audit reflect that the property is not damaged?

The Gift Acceptance Committee will submit MSUF6.6A – Proper Gift Proposal Data Form to the Investment Committee for approval. The real estate gift will then be taken to the Board for action.

7.4.4. Retained Life Estates

Retained life estates are planned gift instruments defined by federal tax law that allow a donor to donate a home, vacation home, or farm while retaining the right to live in the property for the remainder of the donor's life. When the retained life ends or the donor relocates, the University can then use the property or the proceeds from the sale of the property for the designated purpose.

Acceptance of these types of real estate properties should follow all other guidelines pertaining to real estate.

7.5. Tangible Personal Property

Other than gifts-in-kind described in 7.5. Gifts In-Kind, gifts of tangible personal property are generally not accepted. Proposed gifts shall be examined in light of the following criteria:

- Does the property fulfill the mission of the Foundation?
- Is the property marketable?
- Are there any undue restrictions on the use, display, or sale of the property?
- Are there any carrying costs of the property?

The Gift Acceptance Committee shall make the final determination on the acceptance of any tangible personal property gifts.

7.6. Gifts In-Kind

Gifts-in-kind are generally non-cash donations of materials or long-lived assets, other than real and personal property. Examples include equipment, software, printed materials, food or other items for hosting dinners or events.

In-kind guidelines are based on Internal Revenue Service publications and provide basic guidelines regarding tax deductions for gifts-in-kind. These guidelines are not intended to serve as a complete account of the requirements or limitations covering tax-deductible gifts. The Foundation recommends that donors consult their tax advisors when considering gifts-in-kind.

7.6.1. Software Gift Acceptance

Gifts of software must have value to the university in the academic, research or administrative areas to be counted as a gift.

The IRS does not consider a software license as a tax-deductible gift, and refers to this as a “partial interest” (IRS Publication 526). While being given the use of the software at no cost is a significant financial benefit to the institution it cannot be counted, just as in the case of contributed services.

CASE AMAtlas does acknowledge the following (Chapter 6.4 Guidelines for Donor Recognition): “While gifts of software are generally not comfortable in CASE AMAtlas surveys, CASE understands and supports institutions in continuing to recognize donors and stewarding such software gifts, even if not accountable in CASE AMAtlas surveys.”

Gifts of software with an established retail value are booked like other gifts-in-kind and counted at the educational discount value (if applicable) or the fair market value (FMV). In the case of a questionable retail value, or if there is no ability to have an unbiased third-party evaluation to establish a FMV, the Foundation will establish their own value for donor credit.

Software given through corporate university/education programs, or making gifts of software where all software is provided to all educational institutions are not considered gifts, and therefore are not booked in the Foundation’s donor system; however, these corporation should receive recognition for the software gift at \$1. Software given for beta-testing or with no established fair market value cannot be booked as gifts.

Corporate software gifts-in-kind that require Minnesota State to sign a “release of liability” must be reviewed by the Office of Finance & Administration, and the Foundation’s Gift Acceptance Committee, before the gift can be accepted.

Once the University criteria for accepting a software gift has been met, the Foundation will value the gift of software for donor credit as follows:

- 1) We will value the software at the donor’s valuation of one software seat license for one year.
- 2) If the donor’s estimate of value for one seat license is greater than \$2M, Advancement Services staff along with the development officer working on the gift will review all elements of potential valuation (number of licenses, value per license, duration of licenses) and recommend a value to the Executive Director, who will make the determination. The goal is to find an appropriate valuation not to exceed \$2M.
- 3) If the gift has additional complications and creating a valuation has proved challenging, the Executive Director will engage the Gift Acceptance Committee to assist in resolving the valuation.

7.6.2. Acceptance

All gifts-in-kind are reviewed, accepted, and officially acknowledged by Foundation leadership. Gifts-in-kind above \$100,000 or of an unusual composition may be reviewed by the Gift Acceptance Committee. The Foundation reserves the right to decline any gift that does not further its goals, or that involves special maintenance or other conditions that the Foundation is unable to satisfy.

The donor is responsible for making arrangements to deliver the in-kind gift to the Foundation unless the Foundation agrees to accept the gift and assume the cost of delivery.

7.6.3. Appraisal Guidelines

In accordance with Internal Revenue Service regulations, the donor is responsible for determining the value of an accepted gift. Before presenting a gift of tangible property to the Foundation, donors should first establish and present to the Foundation a written estimate of the fair market value of the gift. If the donor states a value below \$5,000, the value given by the donor is the value the Foundation will assign to the gift. If the donor states a value of \$5,000 or more, a qualified appraisal from an independent appraiser, dated no more than 60 days prior to the date of contribution, is required by the IRS to substantiate a donor's charitable deduction for gifts-in-kind. Employees of the Foundation are not qualified appraisers, and federal regulations do not permit the Foundation to give appraisals or estimates of value.

7.6.4. Donated Services

An individual who incurs out-of-pocket expenses associated with giving of services may be able to deduct some of those expenses. Allowable items include unreimbursed expenses directly connected with the provision of the services, which must be requested by the Foundation. Deductible travel expenses include air, rail or bus transportation, out-of-pocket car expenses, taxi fares or other transportation costs between the airport/station and hotel; lodging costs, costs of meals.

7.6.5. Tax Deductibility

Generally, the fair market value of a gift-in-kind may be deductible. Educational discounts, if offered, must be considered when determining fair market value.

- A donation within a tax year valued at \$250 or more requires a written acknowledgment from the Foundation. The Foundation is responsible for providing all donors with an

acknowledgement of the gift. The acknowledgement must indicate it was a gift-in-kind, and should list the donated items *without reference to the value*.

- If the value of a gift is \$500 or more, the Internal Revenue Service requires donors to file IRS Form 8283 and comply with its regulations pertaining to non-cash charitable contributions.
- If the donation is valued at more than \$5,000, the donor must obtain a qualified appraisal and submit an appraisal summary with the return claiming the deduction. A copy of the appraisal must also be given to Foundation.

For companies that contribute products, the deduction is limited to the actual cost of producing the item.

7.6.6. Acknowledging Gifts-In-Kind

All in-kind gifts are acknowledged by the Foundation. Acknowledgement letters specifically identify the donated item(s) and state that the items received support the Foundation's mission, *without referencing the cash value thereof*. The letter must also state *either* "No goods, services or privileges were exchanged in association with this in-kind donation," or, if goods services or privileges were exchanged, a stated value thereof.

7.7. Life Insurance

Gifts by contract, particularly life insurance, through which the Foundation will receive a future benefit, are acceptable with a minimum face value of \$50,000, so long as the Foundation is not required to expend funds from sources other than the donor to maintain the contract. The Foundation may be named as a percentage or contingent beneficiary of any life insurance policy. Paid-up life insurance policy gifts in which the Foundation is the owner and irrevocable beneficiary are acceptable. The Foundation cannot accept a gift of term insurance.

7.7.1. Recording of life insurance gifts

The Foundation must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift.

- If the policy is paid-up (i.e., no premium remains to be paid), the policy's fair market value is reportable. That is the amount an insurance company would charge to issue an identical policy at the time the policy is transferred.
- If premiums remain to be paid, the gift is valued at its interpolated terminal reserve value (approximately the policy's cash value) plus the part of the last premium payment that covers the policy period following the date of the gift. If the donor contributes future premium payments, the Foundation will include the entire amount of the additional premium payment as a gift in the year that it is made.

7.7.2. Insurance premium options

If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Foundation may:

- Continue to pay the premiums,
- Convert the policy to paid up insurance, or
- Surrender the policy for its current cash value.

7.8. Charitable Remainder Trusts

The Foundation may accept designation as remainder beneficiary of a charitable remainder trust (hereafter, "CRT") with the approval of the Gift Acceptance Committee. CRTs are irrevocable qualified trusts that provide income to one or more persons during a specified term. Following that

term, the trust's assets are given to charities designated by the donor. The Foundation will not accept appointment as sole Trustee of a charitable remainder trust.

CRTs are reported at both the face value and the discounted present value of the remainder interest allowable as a deduction by the IRS.

7.9. Charitable Lead Trusts

The Foundation may accept designation as income beneficiary of a charitable lead trust. Charitable lead trusts allow for the Foundation to receive income from the trust for a specified number of years. At the end of the stated term, the trust returns to the donor or designee. The Foundation or its Board will not accept appointment as sole Trustee of a charitable lead trust.

7.10. Retirement Plan Beneficiary Designations

Donors and supporters will be encouraged to name the Foundation as a beneficiary of their retirement plans. Such designations will not be recorded as gifts to the Foundation until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

At the point the retirement plan assets become realized, all funds will be accepted; however, funds will be recorded and counted only to the extent they exceed any expectancy previously counted.

7.11. Bequests

Donors and supporters will be encouraged to make bequests to the Foundation under their wills and trusts. Such bequests will not be recorded and counted as gifts to the Foundation until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of the gift may be recorded.

At the point the bequest becomes realized, all funds will be accepted; however, funds will be recorded and counted only to the extent they exceed any expectancy previously counted.

7.12. Intellectual Property Rights

Gifts of intellectual property rights, including royalties, patents, copyrights, contract rights or other similar interests may be accepted by the Foundation provided that such gifts promote the purpose of the Foundation. Criteria for acceptance of these gifts shall include:

- Is the intellectual property right related to the mission of the University?
- Can the ownership of the intellectual property right be clearly transferred or assigned to the University or the Foundation?
- Is the intellectual property right a full or fractional interest? If fractional, who are the other owners of the property and percentage interests? Is the gift deductible to the donor under the IRS partial interest gift rules?
- Does the right in the intellectual property generate, or have the potential to generate, at least \$5,000 or more each year?
- Is there a market for the sale or licensing of the intellectual property right?
- Are there any costs associated with acceptance of the intellectual property right (i.e., is the gift a patent application that will require further action to secure, are there any claims, liens or other contests associated with the property, or are there likely to be costs associated with defending the intellectual property right)?
- Are there any restrictions on the retention or use of the property?

- What agreements or other legal documents would the University or the Foundation be required to execute in order to obtain patents, market the property and grant licenses in the name of the University or Foundation?

7.13. Other Assets and Forms Gifts May Take

Other types of gifts not mentioned in this policy may be acceptable within reason for the purpose given and in an amount appropriate for the gift type. The Gift Acceptance Committee is expected to use fiscally and legally sound rationale for acceptance and to defer to the Executive Committee of the Board when appropriate. This policy should serve as a general guideline under such circumstances.

8.0. Acceptance of Restricted Gifts

Except as noted, donors can impose conditions on their gifts to the Foundation. The Foundation can accept those conditions if they can be readily met through existing processes and/or programs or if the Gift Acceptance Committee determines that the conditions can be agreed to by the Foundation. Acceptance of conditional gifts imposes fiduciary and administrative responsibilities on the Foundation to ensure that the funds are used for the purpose(s) for which they were given. Therefore, before accepting a restricted gift, the Foundation must ensure that the restrictions can be enforced and the gift will be used in accordance with the established terms and conditions. Before accepting a restricted gift, the Foundation must certify that the following criteria have been met:

8.1. Furtherance of mission

Upon acceptance, the Foundation can comply with the restrictions of the gift and still use the gift in furtherance of its mission, purposes and priorities.

8.2. Reasonableness of cost

The Foundation can comply with the restrictions of the gift in a reasonable and cost efficient manner.

The Foundation will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that are deemed too difficult to administer, or gifts that are for purposes outside the mission of the Foundation.

If brought to the Gift Acceptance Committee for review, the Committee shall make all final decisions on the restrictive nature of a gift, and its acceptance or refusal.

To accommodate cost of proper management, accounting of funds, and monitoring of compliance of the donor's restrictions, a portion of the gift may be reserved to meet those costs as determined by the Gift Acceptance Committee.

9.0. Valuing Gifts

The Foundation will not place value on assets or property received when substantiating receipt of the gift. Full responsibility rests on the donor for claiming any deductions including IRS filing form 8283 for all noncash gifts of more than \$500, and any appraisals or other documentation.

10.0. Declining Gifts

Gifts may have to be declined under certain conditions including, but not limited to, the following.

- The gift is restricted and would require support from other resources that are unavailable, inadequate, or may be needed for other Foundational purposes.
- The gift is restricted and would support a purpose or program peripheral to existing principal purposes of the Foundation, or create or perpetuate programs or obligations that would dissipate resources or deflect energies from other programs or purposes.
- The gift would limit, or tend to limit, the overall strength of the Foundation.
- The gift would injure the reputation or standing of the Foundation or generate such controversy as to substantially frustrate and defeat the charitable purpose to be served.

11.0. Endowed Funds

11.1. Foundation Endowment

The Foundation encourages donors to create individual named endowments under the umbrella of the Foundation Endowment with the intent that the principal shall be held in perpetuity. Named endowments will be established when a) the Foundation receives the minimum amount within a defined time limit specified in the Charitable Gift Agreement or b) a future/deferred gift is received that was specified in a Charitable Gift Agreement.

11.2. Other Endowed Funds

Other endowed funds may be established with the Foundation upon the recommendation of the Gift Acceptance Committee and the approval of the Board of Directors.

Charitable Gift Agreements and agreements to establish other endowed funds shall be signed by the donor and by the Executive Director.

12.0 Pledges

12.1. Current Pledges

Current pledges are voluntary irrevocable transfers of items of value (cash, stocks or any other vehicles noted in Assets Acceptable as Gifts) that are usable or will become usable for University purposes during or directly following the reporting period where no goods or services are expected, implied, or forthcoming by or to the donor. The donor may restrict the use of the gift; however, once the gift is received, the donor may not retain any further explicit or implicit control over the use of the gift.

Pledges to make a current outright gift should be documented and commit to a specific dollar amount that will be paid according to a fixed time schedule. The schedule should not exceed five years unless approved by the Gift Acceptance Committee. Verbal pledges will not be counted unless there is written documentation of the commitment from the donor.

12.2. Deferred Pledges

Deferred pledges can include revocable or irrevocable gifts.

Revocable Deferred Gifts are those committed during a reporting period, but which the donor retains the right to change the commitment and/or beneficiary. The Foundation will investigate the actual circumstances underlying the gift and be conservative in counting such gifts. If any circumstances

should make it unlikely that the amount pledged will actually be realized by the Foundation, the commitment may be adjusted according to specific circumstances or not reported at all.

Revocable gifts where the estimated current value is not disclosed may be recorded for \$1.00. For purposes of donor recognition, credit will be applied to the donor based on an amount determined by the Foundation.

12.3. Conditional Pledges

A conditional pledge is a commitment which arises only if a specified event occurs. Conditional pledges will not be counted in fundraising totals unless there is a reasonable expectation that conditions will be met and only if approved by the Gift Acceptance Committee.

13.0. Policy Exceptions

13.1. General Exceptions

Exceptions to this policy must receive the recommendation of the Gift Acceptance Committee and approval of the Board of Directors. The Board's Executive Committee acting as the Board of Directors in between regular meetings of the Board, shall be asked to ratify any exceptions approved by the Gift Acceptance Committee occurring since the last Board meeting.

13.2. Exceptions for Completed Gifts and Gifts under Negotiation

Gifts made through estate plans that have been properly executed prior to the date of this policy, and gifts already received by the Foundation are grandfathered in under this policy. Gifts under negotiation at the time this policy is adopted need not conform to the policy but will be accepted based upon the spirit of this policy and the specific terms negotiated with the donor.

13.3. Reviewing Gifts for Conformity

Gifts established with a written agreement shall be reviewed periodically, and action taken to conform the gift agreement to current law and Foundation policy when necessary or appropriate for the well-being of the Foundation. Donors are responsible for conforming gifts where the Foundation is not the trustee or gift manager.

14.0. Preferential Language within a Gift Agreement

14.1 Preferences and Requirements

14.1.1 Overview

When making a gift, donors have the option of giving to support the general mission of the university (unrestricted giving) or giving a gift with specific preferences and restrictions to support a specific college, institute, center, department, program or unit. As a best practice Minnesota State University, Mankato Foundation ("Foundation") prefers unrestricted gifts; however, with preferences donors can request certain criteria language be included within the fund purpose of their gift agreement.

Criteria can be in the form of requirements and preferences. A requirement means that the Foundation must adhere to the criteria. Restrictions are limited to funds being directed to a certain college, major, department, grade level or research subject.

By utilizing preferences for any other criteria, the Foundation has flexibility in awarding the fund to ensure the donor's gift has the greatest impact. As a practice, the Foundation strives to meet the donor's preferences when administering the fund.

Minnesota State University, Mankato Foundation cannot accept gifts that contain restrictions in violation federal and state law. The Foundation also attempts to avoid accepting gifts whose restrictions violate university policies. While most gifts are directed or submitted to the Foundation, pursuant to its operating agreements, the Foundation is subject to and must comply with most University policies.

4.14.1.2 Common Questions about Preferences

What criteria can a donor choose to restrict?

Awarding restrictions can only be limited to the following criteria:

1. Major
2. Department
3. Academic level
4. Area of support
5. Research area

Note: If the donor combines these to be too restrictive the donors request might be declined but Donor Services will suggest acceptable language.

Are there exceptions for donors to request restrictions within an agreement?

Yes. The Foundation Board has a Gift Acceptance Committee that may review a gift request that falls outside the general gift policy. It is currently the Foundation's policy that we do not allow restrictions within a gift agreement unless it is for a major, department, academic level, area of support or research area.

What if a donor's original agreement had restrictions and we are now amending their agreement - can we uphold the restrictions?

In reviewing an agreement for an amendment request, we will review the agreement for any compliance issues. Advancement Services will always try to get the agreement closest to the donor's intent but in most cases we will need to convert restrictions to preferences to ensure that the University is able to award funds in perpetuity, thereby ensuring that the donor's gift has the greatest impact.

Can a gift or scholarship award be restricted on the basis of race?

No. This restriction violates the university's Equal Opportunity and Non-Discrimination Policy, POL 04.25.05 as well as federal and state law. As a public institution, the University is subject to the Fourteenth Amendment of the Constitution. Any scholarship award by the University is considered a "state action." In addition, public and private institutions are subject to Title VI. As a result, any race-based award is subject to a strict scrutiny standard of review by the courts, and would likely be deemed or struck down as unlawful discrimination.

If the donor desires a gift or scholarship award to be restricted by race or only awarded to specific minorities, what are our options?

We can use race-neutral language to help increase the pool of qualified recipients the donor is desiring to achieve.

Can we accept a gift or award with the intent to achieve diversity in the student body?

Yes. The U.S. Department of Education has stated that an institution may use financial aid to create diversity under limited circumstances. We may use our financial aid program to promote diversity by considering factors which are a part of the University's diversity definition such as geographic origin, English as a second language, diverse experiences or socioeconomic backgrounds.

What if a donor wants to limit an award to individuals from certain countries or based upon alienage?

No. This restriction violates university policy as well as federal and state law, including Title VI. Most commonly, this discrimination occurs by restricting the award to individuals or groups from a particular country or a group of people sharing a common language, ancestry and/or other similar social characteristics, such as ethnicity. However, we can use geographic criteria to help the donor achieve their intent for the award.

Can we restrict a gift or scholarship award to U.S. citizens?

No. The Supreme Court holds that such a restriction by public universities is an unlawful discrimination based on alienage.

Can we limit the recipients of awards to women or men only?

No. This restriction violates university policy as well as federal law. Most courts have found that discrimination based on gender is unlawful under the Equal Protection Clause in addition to violating Title IX. However, we can use gender-neutral criteria to help achieve the donor's desire in the award.

A donor wants to make a gift or scholarship award based upon a person's religious beliefs. Can we do that?

No. This restriction violates university policy as well as the First Amendment's Establishment Clause of the U.S. Constitution. However, we can use non-religious criteria which can closely match the donor's intent in the award.

Are we allowed to restrict gifts by marital status or having children?

No. Discrimination based on marital status or children status has been prohibited in the context of employment and is a violation of Title VII of the Civil Rights Act of 1964.

Are we allowed to restrict gifts to designate for a particular individual, family or a small group of individuals?

No. The group of individuals from which the recipients are selected must be sufficiently broad as to be considered a charitable class. Normally a charitable class must be sufficiently large and indefinite so that assisting members of the charitable class benefits the community as a whole. Earmarking scholarships to help a particular pre-selected individual violates this requirement.

Can a scholarship be designated for a military veteran?

Yes.

Can a scholarship be designated for a single parent?

Yes.

General Tips for Talking About Preferences:

- Assure the donor that the university uses preferences rather than requirements to ensure the fund can spend each year to allow for the greatest impact of the donor's gift.
- Restrictions based on gender, citizenship or race violate University policies, federal and state laws and therefore should not be included as criteria in any agreement.

14.2. Laws, Policies and Regulations

The University must adhere to the following laws, policies and regulations in regards to gift agreements.

Equal Opportunity and Non-Discrimination Policy, POL 04.25.05

This policy defines discrimination as the “unlawful and unequal treatment based upon race, color, religion, creed, sex, national origin, age, disability or veteran status”. Discrimination based upon sexual orientation is also prohibited by this policy.

First Amendment’s Establishment Clause of the U.S. Constitution

Prohibits government from promoting or opposing religion.

Fourteenth Amendment of the Constitution

Guarantees that no state shall “deny to any person within its jurisdiction the equal protection of the laws” (Equal Protection Clause).

Title IX

Prohibits discrimination based on gender in any education program or activity that receives federal financial assistance, and its regulations prohibit scholarships that are restricted on the basis of sex, with a few limited exceptions. Athletic scholarships, within certain parameters, are one of the exceptions under Title IX.

Title VI

States that “no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving financial assistance.”

Title VII of the Civil Rights Act of 1964

Makes it an unlawful employment practice for an employer to discriminate against individuals on the basis of sex, unless sex is a bona fide occupational qualification that is reasonably necessary to the operation of the particular business or enterprise.

15.0. Miscellaneous Provisions

15.1. Authority to Negotiate

This Board authorizes the Executive Director and his or her delegates to negotiate on behalf of Foundation acceptable gifts (other than cash and listed securities). Gifts negotiated by the delegate must be in consonance with this policy. The Board authorizes the Executive Director or any Executive Director delegate working through the planned giving program, and any advisor or outside counsel deemed necessary, to negotiate life income gifts – charitable remainder trusts, charitable lead trusts, pooled income fund gifts, gift annuities – both *inter vivos* and through estate planning.

15.2. Securing appraisals and legal fees

It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts to the Foundation.

15.3. Responsibility for IRS Filings upon Disposition of Items

The Gift Acceptance Committee is responsible for filing IRS Form 8282 upon the sale or disposition of any asset (other than publicly traded securities) sold within two (2) years of receipt by the Foundation when the charitable deduction value of the item is \$5,000 or more. The Foundation must

file the form within 125 days of the date of sale or disposition of the asset and must provide a copy of IRS Form 8282 to the donor.

15.4. Acknowledgment of Gifts

Acknowledgement of all gifts made to the Foundation and compliance with the current IRS requirements for receipting of such gifts shall be the responsibility of University Advancement. Currently, charitable contributions in any amount made in cash requires the donor to retain some form of documentation of the gift such as a cancelled check, proof of credit card payment or a written communication from the Foundation showing the name of the Foundation, the date of the contribution, and the amount of the contribution. Furthermore, charitable contribution of \$250 or more must be substantiated by a contemporaneous written acknowledgment from the Foundation.

Title	Gift Acceptance Policy and Guidelines	Version	2
Committee Recommending:	Executive Committee	Approval Date	4.28.2023
Approved By:	Full Board	Approval Date	5.19.2023
Committee Responsible for Oversight	Executive Committee/Gift Acceptance Committee		

Appendix A

Acceptance of Types of Non-Cash Gifts

Publicly Traded Securities

Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the Investment Committee. In some cases applicable securities laws may restrict marketable securities; in such instance, the Gift Acceptance Committee shall make the final determination on the acceptance of the restricted securities.

Closely Held Securities

Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership forms, can be accepted subject to the approval of the Gift Acceptance Committee. However, gifts must be reviewed prior to acceptance to determine that:

- There are no restrictions on the security that would prevent the Foundation from ultimately converting those assets to cash;
- The security is marketable, and
- The security will not generate any undesirable tax consequences for the Foundation.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The Gift Acceptance Committee and legal counsel when necessary shall make the final determination on the acceptance of closely held securities. Every effort will be made to sell non-marketable securities as quickly as possible.

Real Estate

Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, the Foundation shall require an initial environmental review of the property (Phase 1) to ensure that the property has no environmental damage. In the event that the initial inspection reveals a potential problem the Foundation shall retain a qualified inspection firm to conduct an environmental audit(Phase 2). The cost of the environmental audit shall generally be an expense of the donor.

When appropriate, a title binder shall be obtained by the Foundation prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor.

Prior to acceptance of the real property, the gift shall be approved by the Gift Acceptance Committee and potentially by the Foundation's legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of the Foundation?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other limitations associated with the property?

- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does the environmental audit reflect that the property is not damaged?

Life Insurance

The Foundation must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. If the policy is paid-up (i.e., no premium remains to be paid), the policy's fair market value is its replacement cost. That is the amount an insurance company would charge to issue an identical policy at the time the policy is transferred. If premiums remain to be paid, the gift is valued at its interpolated terminal reserve value (approximately the policy's cash value) plus the part of the last premium payment that covers the policy period following the date of the gift. If the donor contributes future premium payments, the Foundation will include the entire amount of the additional premium payment as a gift in the year that it is made.

If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Foundation may:

- Continue to pay the premiums,
- Convert the policy to paid up insurance, or
- Surrender the policy for its current cash value.

Intellectual Property Rights

Intellectual property rights, including but not limited to, royalties, patents, copyrights and contract rights, may be accepted provided that such gifts further the purpose of the Foundation. Criteria for acceptance of these gifts shall include:

- Is the intellectual property right related to the mission of Minnesota State University Mankato?
- Can the ownership of the intellectual property right be clearly transferred or assigned to Minnesota State University Mankato, or the Foundation?
- Is the intellectual property right a full or fractional interest? If fractional, who are the other owners of the property and percentage interests? Is the gift deductible to the donor under the IRS partial interest gift rules?
- Does the right in the intellectual property generate, or have the potential to generate, at least \$5,000 or more each year?
- Is there a market for the sale or licensing of the intellectual property right?
- Are there any costs associated with acceptance of the intellectual property right? (i.e., is the gift a patent application that will require further action to secure, are there any claims, liens or other contests associated with the property, or are there likely to be costs associated with defending the intellectual property right?)
- Are there any restrictions on the retention or use of the property?
- What agreements or other legal documents would Minnesota State University Mankato or the Foundation be required to execute in order to obtain patents, market the property and grant licenses in the name of the Minnesota State University Mankato Foundation?

Appendix B

Deferred or Future Gifts

Foundation will encourage future gifts to be made without restriction, since specific restrictions become inactive or non-existent over time. Foundation reserves the right to decline restricted future gifts.

1. Estate Gifts (wills, trusts, life insurance, other instruments)

The Foundation will encourage unrestricted estate gifts to the Foundation or unrestricted estate gifts to the endowment fund, since specific restrictions become inactive or nonexistent over time. Foundation reserves the right to decline restricted estate gifts.

Upon the donor's request, the Foundation will provide language to assist in establishing a restricted estate gift. The sample language will include the following: *"This designation represents a preferred use for these funds and is not an absolute restriction. Should the exact designation cease to be effective or practicable before or after the gift is received by Foundation, the Board is authorized to use this gift in an alternative way consistent with the general intent of this designation."*

Gifts received where the Foundation had no prior knowledge of the amount or nature of the gift will be treated as if the language above had been included, unless legally impossible. Gifts of less than \$50,000 will be placed in the General Endowment Fund when the restriction no longer exists.

2. Other Planned Gifts (charitable remainder trusts, charitable lead trusts, etc.)

Gifts established through the planned giving program at the Foundation may be restricted with the approval of the Gift Acceptance Committee. As discussed above, the Foundation will encourage unrestricted planned gifts to the Foundation or unrestricted planned gifts to the endowment fund, since specific restrictions become inactive or nonexistent over time. The Foundation reserves the right to decline restricted future gifts.

Acceptance will rely in part on inclusion of the language in the instrument, which reads: *"This designation represents a preferred use for these funds and is not an absolute restriction. Should the exact designation cease to be effective or practicable before or after the gift is received by Foundation, the Board is authorized to use this gift in an alternative way consistent with the general intent of this designation."*

Gifts distributed to Foundation where the Foundation had no prior knowledge of the gift instrument or its restriction will be handled on a case-by-case basis. The Foundation reserves the right to decline restricted gifts from planned giving instruments.

Appendix C

Gifts-In-Kind Acceptance and Acknowledgement Policies

Acceptance Policy

All gifts-in-kind over are reviewed, accepted, and officially acknowledged by the Executive Director. Gifts-in-kind above \$100,000 or of an unusual composition may be reviewed by the Gift Acceptance Committee. The Foundation reserves the right to decline any gift that does not further its goals, or that involves special maintenance or other conditions that the Foundation is unable to satisfy.

The donor is responsible for making arrangements to deliver the in-kind gift to the Foundation unless Foundation agrees to accept the gift and assume the cost of delivery.

Appraisal Guidelines

In accordance with Internal Revenue Service regulations, the donor is responsible for determining the value of an accepted gift. Before presenting a gift of tangible property to the Foundation, donors should first establish and present to the Foundation a written estimate of the fair market value of the gift. If the donor states a value below \$5,000, the value given by the donor is the value Foundation will assign to the gift. If the donor states a value of \$5,000 or more, a qualified appraisal from an independent appraiser, dated no more than 60 days prior to the date of contribution, is required by the IRS to substantiate a donor's charitable deduction for gifts-in-kind. Employees of the Foundation are not qualified appraisers, and federal regulations do not permit the Foundation to give appraisals or estimates of value.

Tax Deduction Issues

Generally, the fair market value of a gift-in-kind may be deductible.

- A donation within a tax year valued at \$250 or more requires a written acknowledgment from the receiving Foundation. Foundation is responsible for providing all donors with a receipt. Receipts must indicate it was a gift-in-kind, and should list the donated items *without reference to the value*.
- If the value of a gift is \$500 or more, the Internal Revenue Service requires donors to file IRS Form 8283 and comply with its regulations pertaining to non-cash charitable contributions.
- If the donation is valued at more than \$5,000, the donor must obtain a qualified appraisal and submit an appraisal summary with the return claiming the deduction. A copy of the appraisal must also be given to Foundation.

For companies that contribute products, the deduction is limited to the actual cost of producing the item when the donor is the creator of a contributed tangible asset.

Acknowledging Gifts-In-Kind

In-kind gifts are acknowledged by the Foundation. Acknowledgement letters should specifically identify the donated item(s) and state that the items received support the Foundation's mission, *without referencing the cash value thereof*. The letter must also either state "No goods, services or privileges were exchanged in association with this in-kind donation," or, *if goods services or privileges were exchanged, a stated value thereof*.

Receipting and Acknowledging Donated Services

An individual who incurs out-of-pocket expenses associated with giving of services may be able to deduct some of those expenses. Allowable items include unreimbursed expenses directly connected with the provision of the services, which must be requested by the Foundation. Deductible travel expenses include air, rail or bus transportation, out-of-pocket car expenses, taxi fares or other transportation costs between the airport/station and hotel; lodging costs, costs of meals.

The summary above is based on Internal Revenue Service publications and provides basic guidelines regarding tax deductions for gifts-in-kind. This summary is not intended to serve as a complete account of the requirements or limitations covering tax-deductible gifts. The Foundation recommends that donors consult their tax advisors when considering gifts-in-kind.

Appendix D

Potential Property Gift Data

1) GIFT PURPOSE:

(State the purpose of this gift to Minnesota State University, Mankato Foundation)

2) PROPERTY DISCRIPTION AND LOCATION:

3) ENCUMBRANCES:

(Confirmation of liens, clear title)

4) ENVIRONMENTAL ASSESSMENT:

5) TAXES AND ASSESSMENTS:

(Include any future taxes or assessments)

6) LIABILITY INSURANCE:

7) APPRAISED VALUE:

8) PURCHASE PRICE:

9) DONOR RESTRICTIONS ON SALE OF THE PROPERTY:

10) RECOMMENDED REALTOR:

11) REALTOR'S COMMENTS:

12) OTHER NON-PROFITS INTERESTED:

[Additions can be made to this form without Board action]



Article 4-4.2 Fundraising Policy

1.0 Purpose

The University President has authorized the establishment and promotion of a comprehensive and integrated fund-raising program for the university (including all its units) and its cooperative organizations. The President has delegated day-to-day management of the fund-raising program and primary liaison for the Minnesota State University Mankato Foundation to the Vice President for University Advancement and designates him or her as the chief development officer of the university. This policy acknowledges that deans and other senior administrators have important roles in fund raising consistent with the expectations for their positions.

2.0 Initiatives.

Campaigns and other fund-raising initiatives are important ways of concentrating energy and resources on strategic objectives of the university. The University President has final approval authority over all fund-raising initiatives. The Vice President for University Advancement (and Executive Director of the Foundation), in consultation with the Foundation Board, deans and unit heads, is responsible for ensuring that all fund-raising activities are integrated into a unified plan.

3.0 Donors and Prospects.

Taking a donor centered approach, the university's objective is to solicit each donor for maximum giving to support the programs for which the donor has the greatest affinity and which meet the strategic goals of the institution. The Vice President for University Advancement is responsible for developing prospect management procedures, which include rules and regulations for prospect assignment and solicitation clearance. Units with competing claims on prospects will be afforded the opportunity to submit to the chief development officer justifications for assignments.

4.0 Personnel.

Forming and sustaining a skilled professional staff is essential to an effective fund-raising program. The Vice President for University Advancement is responsible for a professional development program for all development personnel. Regardless of reporting relationships, the Vice President for University Advancement or his or her designee is also consulted in all development officer personnel decisions (including creating and reclassifying positions and hiring, evaluating, promoting, retaining, and terminating personnel).

5.0 Ethics.

As in all its undertakings, the university recognizes the need for high ethical standards in fund raising. The Vice President for University Advancement is responsible for promulgating and enforcing ethical standards for all those engaged in fund-raising activities. The Foundation Board subscribes to the Donor Bill of Rights promulgated by the Association of Fundraising Professionals.

6.0 Confidentiality.

The university and its cooperative organizations gather confidential and sensitive information on donors and prospective donors. This information is used to formulate fund-raising strategies that are most appropriate for each donor. University Advancement is responsible for putting into place procedures for defining the scope of information collection and distribution and for protecting the confidentiality of the information to the extent permitted by law.

7.0 The Minnesota State University Mankato Foundation.

The Minnesota State University Mankato Foundation (501c3) is the primary destination for all gifts to the university except when agreements and conditions dictate otherwise.

8.0 Consultants.

Fund-raising consultants can add value to the fund-raising operation by bringing state-of-the-art information and best practices to the university. The Vice President for University Advancement, in coordination with the colleges and other units, may engage consultants for special projects. University Advancement is responsible for coordinating all consulting engagements dealing with fundraising.

9.0 Named Gift Opportunities.

The naming of facilities and endowments represent important recognition opportunities in the development process. As directed by the University President, the Vice President for University Advancement is the chair of the naming committee and shall be responsible for compliance with University and Minnesota State policies and procedures regarding naming and the removing of names from facilities and endowments.

10.0 Procedures.

The Vice President for University Advancement shall have the authority to issue procedures to implement this policy.

Title	Fundraising Policy	Version	1
Committee Recommending:	Governance and Membership Committee	Approval Date	4.10.2020
Approved By	Full Board	Approval Date	5.13.2022
Committee Responsible for Oversight:	Governance and Membership Committee		

Article 4-4.3 Naming and Unnaming Policy

1.0 Context

The rich tradition of a university can be enhanced by the careful naming of facilities, positions and programs, to reflect the contributions of many important people. Whether as a reward for distinguished service or philanthropy, the naming process contributes to the rich fabric of Minnesota State University, Mankato's traditions.

- 1.1 This document will define the process to be followed in all naming suggestions; the criteria to be employed to determine suitable names for our facilities, positions or programs; and will specify any financial considerations expected or required for naming.
- 1.2 Primary responsibility for managing the naming process will rest with the President of the University to indicate to all the importance of this effort. As a rule, the President will delegate day-to-day management of the process to the Vice President for University Advancement. In all cases, Minnesota State University, Mankato ("University") will follow any current or future guidelines from the Minnesota State Colleges and Universities System.

2.0 Procedure for Naming a Facility, Position or Program.

- 1.1. The Vice President for University Advancement will serve as the repository for suggestions for naming. It will be the Vice President's responsibility to determine that any suggestion follows applicable Minnesota State Colleges and Universities and University guidelines.
- 1.2. The Vice President for University Advancement will provide the President and other members of the President's Cabinet with the naming suggestion, and with any other pertinent information to justify or discourage the nomination. The Cabinet, after discussion, will make a recommendation to the President.
- 1.3. The President will consult with faculty, students, staff and any such other representation the President deems advisable prior to naming a facility, position or program. The President will also formally carry any request to the Chancellor or Board of Trustees of the Minnesota State Colleges and Universities System.
- 1.4. Upon the approval of the naming of the facility, position or program at the appropriate level, all public announcements and any dedication ceremonies will be planned and conducted through the University Advancement.

3.0 Naming a Scholarship or Endowment

3.1 Named Annual Scholarship. (See also Scholarship Policy and Guidelines Policy 4.4)

To name an annual scholarship and provide a limited number of criteria the minimum annual gift is determined on an annual basis by the Vice President for Advancement/ Executive Director, is based on a retention award formula, and represents a comparative distribution from a \$50,000 endowment. The donor will be encouraged to make a multi-year commitment. The funds to support this scholarship must be received in advance of the scholarship recipient selection date (usually late winter/early spring) Selection criteria will generally be based on financial need, unless other

criteria are specified by donor preference and are agreeable to Minnesota State University, Mankato.

3.2 Definitions of Endowed Programs and Positions.

In all endowed programs and positions, the principal contributed toward the position or program is invested by the Foundation and remains intact. Only a portion of annual income or growth will be apportioned by the Foundation Board of Directors. That portion will be determined annually based on Board policies which seek to preserve the capital of the original gift while meeting the wishes of donors.

3.2.1 Named Endowed Scholarship.

Income from this fund will provide financial aid to the student recipient. Selection criteria will generally be based on financial need, unless other criteria are specified by donor preference and are agreeable to the University. The minimum endowment gift amount required will be reviewed and determined annually by the Foundation Investment Committee. **Minimum gift amount: \$50,000.**

3.2.2 Named Graduate Endowed Scholarship.

Provides financial support for graduate students. Minimum endowment gift amount required will be reviewed and determined annually by the Foundation Investment Committee. **Minimum gift amount: \$50,000.**

3.2.3. Named Endowed Lectureship.

Provides income for distinguished lecturers to be brought to campus. Minimum endowment gift amount required will be reviewed and determined annually by the Foundation Investment Committee. **Minimum gift amount: \$100,000.**

3.2.4. Named Endowed Research Fund.

Provides an annual award for research in the area chosen by the donor and the University. Minimum endowed gift amount required will be reviewed and determined annually by the Foundation Investment Committee. **Minimum gift amount: \$100,000.**

3.2.5 Named Endowed Fellowships.

Provides income to fund fellowships for graduate students. Minimum endowed gift amount required will be reviewed and determined annually by the Foundation Investment Committee. **Minimum gift amount: \$250,000.**

3.2.6 Named Endowed Young Faculty Award.

Provides income to apply toward the annual salary and teaching/research expenses of an outstanding young faculty scholar. Such funds will enable the University to attract and retain the most promising young professors. Minimum endowment gift amount required will be reviewed and determined annually by the Foundation Investment Committee. **Minimum gift amount: \$250,000.**

3.2.7 Named Endowed Professorship.

Provides income to underwrite the annual salary and fringe benefits of a faculty member. Minimum endowment gift amount required will be reviewed and determined annually by the Foundation Investment Committee. **Minimum gift amount: \$1,500,000.**

3.2.8 Named Endowed Faculty Chair.

Provides income to underwrite the annual salary, fringe benefits, professional development and travel funds, and materials for a distinguished member of the faculty. Minimum endowment gift amount required will be reviewed and determined annually by the Foundation Investment Committee. **Minimum gift amount: \$2,000,000.**

3.2.9 Distinguished Endowed Professorship.

Provides the funding for the University to honor and recruit an outstanding scholar who has demonstrated the potential of making exceptional contributions to his/her discipline. Appointment is presumed to be for no more than a three-year term, with a new scholar to be recruited thereafter. The endowment may provide salary, fringe benefits, professional development, related research and program expenses. Salary may be at significantly higher levels than that received by other University faculty, reflecting market conditions for a person of this caliber. Minimum endowment gift amount required will be reviewed and determined annually by the Foundation Investment Committee. **Minimum gift amount: \$3,000,000 to \$5,000,000.**

3.2.10 Other Naming Opportunities.

While the positions and programs noted above are the most common and most likely to be sought, it is probable that other ideas for endowed names will occur. The Vice President for University Advancement will carry such unusual naming suggestions forward through the same process as noted above.

4.0 Policies for Naming Facilities.

Because all physical facilities at the University are legally the property of the Minnesota State Colleges and Universities System, all policies will channel naming suggestions to the System, and ultimate naming authority rests there. The policy for suggestion of and approval of a naming idea on the University campus remains the same as noted above for naming programs and positions.

4.1 Honoring Recognition

For many years the University has named facilities in honor of people who have contributed to the betterment of the University. Generally, a naming suggestion is introduced in recognition and appreciation for a substantial gift toward the facility. However, the President may always advance the name of an individual for the honor of a named facility based on other criteria than a gift, such as long and distinguished service to the University, significant contribution to a discipline or national or regional public service. Such naming is usually an exception.

4.2 Process

Principal responsibility for soliciting and arranging for naming opportunities resides with the President of the University, with much of the operational authority delegated to the Vice President for University Advancement. Staff and volunteers are encouraged to adhere to funding minima defined in this guideline for their preliminary discussions with a prospective donor. The President and the Vice President for University Advancement may authorize some variance from the funding minima, subject to approval from the Board of the Foundation.

4.3 New Buildings.

4.3.1 Names of new buildings present special considerations for naming opportunities. In general, a building may be named for a donor only if a minimum of 50% or more of the total cost of the building is provided.

4.3.2 That cost must include a figure of at least 25% of the total building's cost to create a maintenance endowment.

4.4 Unnamed Existing Buildings and Facilities.

Currently unnamed buildings and facilities may be named by the establishment of an endowment equivalent to 25% of the fair market value of the building or facility.

4.5 Portions of Buildings.

Individual rooms or wings in new or existing buildings, such as auditoriums, lecture halls, lobbies, classrooms, laboratories, etc. may be named if the donor provides a gift equal to the cost of establishing that room, including the 25% of cost assigned for endowment. Amounts will vary, but will be determined by the Vice President for University Advancement in consultation with appropriate University officials.

4.6 Building Additions and Renovations.

Donors may name additions to facilities, and renovated facilities, if they provide at least 50% of the cost of such addition or renovation and include a maintenance endowment of at least 25% of the total project cost.

5.0 Duration and Modification of Naming Recognition

5.1 The duration of a benefactor's or honoree's naming recognition period ordinarily continues for as long as the Facility is used in the same manner or for the same purpose for which the naming occurred for the life of the Facility.

5.2 Upon demolition, act of God, replacement, substantial renovation, re-designation of purpose, or similar modification of a named Facility, the University may deem that the naming period has concluded.

5.3 The appropriate University representative will make all reasonable efforts to inform in advance the original benefactors or honorees or their surviving family members when the naming period is deemed to have concluded.

5.4 The University may, but is not required to, provide for the appropriate perpetuation of the previous name. Perpetuation of the original name in an equivalent naming is not required. Appropriate perpetuation of previous names may include, for instance, a plaque in or adjacent to new and renovated facilities.

5.5 Internal space may be named for a specific duration of time due to relatively fast nature of change of purpose.

6.0 Un-Naming

If a donor who has been offered a naming opportunity falls into disrepute, the university reserves the right to discontinue the use of the relevant name, without reimbursement of original gift.

Should there be occasion and reason to consider removal of the name of an individual from a facility, program, scholarship, fellowship, chair, or position, the President will constitute a special meeting of his Cabinet and will seek such other external advice and counsel as will help make this serious decision.

7.0 Re-Naming

When the donor's or honoree's naming recognition period has concluded, the Facility may be renamed, with the original name removed, in recognition of new gifts, subject to any specific terms and conditions set forth in the original naming agreement. In the case of a donor's naming recognition, the university will offer the

donor or the donor's family the first-right-of-refusal to make an additional gift to continue the donor's name and begin a new recognition period.

Title	Accessing Database Information	Version	1
Committee Recommending:	Audit Committee	Approval Date	2.14.2020
Approved By	Full Board	Approval Date	9.29.2022
Committee Responsible for Oversight:	Gift Acceptance Committee		

Article 4-4.4 Scholarship Policy and Guidelines

1.0 Naming an Annual Scholarship or Endowed Scholarship

- 1.1 **Named Annual Scholarship.** (see also Naming and Un-Naming Policy)
To name an annual scholarship and provide a limited number of criteria the minimum annual gift is determined on an annual basis by the Vice President for Advancement/ Executive Director, is based on a retention award formula, and represents a comparative distribution from a \$50,000 endowment. The donor will be encouraged to make a multi-year commitment. The funds to support this scholarship must be received in advance of the scholarship recipient selection date (usually late winter/early spring) Selection criteria will generally be based on financial need, unless other criteria are specified by donor preference and are agreeable to Minnesota State University, Mankato
- 1.2 **Definitions of Endowed Scholarships.**
In all endowed scholarships, the principal contributed toward the position or program is invested by the Foundation and remains intact. Only a portion of annual income or growth will be apportioned by the Foundation Board of Directors. That portion will be determined annually based on Board policies which seek to preserve the capital of the original gift while meeting the wishes of donors.
- 1.3 **Named Endowed Scholarship.** (see also Naming and Un-Naming Policy)
Income from this fund will provide financial aid to the student recipient. Selection criteria will generally be based on financial need, unless other criteria are specified by donor preference and are agreeable to Minnesota State University, Mankato. The minimum endowment gift amount required will be reviewed and determined annually by the Foundation Investment Committee. Minimum gift amount: \$50,000.
- 1.4 **Named Graduate Endowed Scholarship.** (see also Naming and Un-Naming Policy)
Provides financial support for graduate students. Minimum endowment gift amount required will be reviewed and determined annually by the Foundation Investment Committee. Minimum gift amount: \$50,000.

2.0 Scholarship Awarding

- 2.1 The University Advancement division will annually manage the scholarship awarding process in coordination with the Office of Financial Aid and any other campus office as appropriate. One primary application cycle in the spring along with supplemental cycles in the summer and fall will be offered annually.
- 2.2 The University Advancement division will:

- 2.2.1 Ensure that funds are available for each endowed and annual scholarship that is being awarded
- 2.2.2 In January/February, market all endowed and annual scholarships available to all students at Minnesota State University, Mankato
- 2.2.3 Manage an application process for all endowed and annual scholarships
- 2.2.4 Assist the appropriate campus member(s) (faculty, department chairs, staff, etc) selector by making all applicant information for the scholarship available to the selector.
- 2.2.5 Manage the award messaging to the successful applicants, and the remainder of the student applicants who are not receiving scholarships.
- 2.2.6 Manage the stewardship process to ensure the student recipient appropriately thanks the donor.
- 2.2.7 Review the process and manage improvements for the following year.

Title	Accessing Database Information	Version	1
Committee Recommending:	Audit Committee	Approval Date	2.14.2020
Approved By	Full Board	Approval Date	9.29.2022
Committee Responsible for Oversight:	Audit Committee		



Article 4-4.5 Joint Venture Policy

1.0 Rationale

Joint ventures represent an opportunity and a risk to the Minnesota State University Mankato Foundation (“Foundation”). The purpose of this policy is to establish standards for the Foundation’s participation in Joint Ventures which advance the Foundation’s mission while preserving its tax-exempt status. This policy applies to members of the Board of Directors of the Foundation and any other University employees who are involved with the management of a Joint Venture activity.

2.0 Joint Venture Definition:

A joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment or exempt-purpose activity.

3.0 Policy

The Foundation has received 501(c)(3) exempt organization status by the Internal Revenue Service and therefore is to be operated exclusively for religious, charitable, scientific, literary, and educational purposes. Without limiting the generality of the foregoing, the purposes of the Foundation shall be to help, assist, promote, support, and advance the interests of Minnesota State University, Mankato (“University”), a public regional comprehensive university that is operated by the state of Minnesota.

Additionally, the Foundation’s mission provides that:

- 3.1 It is organized and operated exclusively for purposes that are described in Internal Revenue Code section 170(b)(1)(A)(iv). Therefore the Foundation is organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University.
- 3.2 Notwithstanding any other provision provided in the Amended and Restated Articles of Incorporation, the Foundation shall not carry on any activities that are not permitted to be carried on by an organization described in section 501(c)(3) of the Code and exempt from tax under section 501(a) of the Code or that are not permitted to be carried on by an organization for which contributions to it are deductible under section 170 of the Code.

If the Foundation contemplates entering into a venture or arrangement, the following tenets will be followed:

3.3 Protection of Tax-exempt Status:

If management is pursuing or considering a venture or arrangement, management shall negotiate, in its transactions and arrangements with other members of the venture or arrangement, such terms and safeguards as are adequate to ensure that the Foundation’s federal and state exempt status is protected.

3.4 Control:

The Foundation shall maintain control over the venture or arrangement sufficient to ensure that the venture furthers the exempt purpose of the Foundation.

3.5 Priority of Tax-exempt purpose:

The Foundation shall require that the venture or arrangement gives priority to its exempt purposes over maximizing profits for the other participants.

3.6 Arms' Length Standard:

All contracts entered into with the Foundation shall be on terms that are at arm's length or more favorable to the Foundation.

3.7 Reporting:

The venture or arrangement operating agreement shall require that the Foundation receive timely and properly prepared information as is necessary for the Foundation to prepare and timely file its annual IRS Form 990 and 990T.

4.0 Procedures

The following procedures will be followed:

4.1 Negotiation: The venture or arrangement will be negotiated by the Foundation's Executive Director who will further consult with legal and tax counsel.

4.2 Proposal: A written proposal for entering into a venture or arrangement shall include a statement as to why it is important for the Foundation to participate in the venture or arrangement.

4.3 Once the Investment Committee has reviewed and approved, all ventures will come before the full board to be voted on.

Title	Joint Venture Policy	Version	1
Committee Recommending:	Investment Committee	Approval Date	4.17.2020
Approved By	Full Board	Approval Date	5.13.2022
Committee Responsible for Oversight:	Investment Committee		



ARTICLE V
Endowment Policy

Article 5 Endowment Policy

This Endowment Policy shall supersede all prior versions of the Endowment Policy of Minnesota State University Mankato Foundation (“the Foundation”) and shall be effective upon the date approved by the Foundation Board in a duly noticed meeting with a quorum present as indicated in the Minutes of the meeting at which it was approved.

1.0 Purpose

The Foundation establishes and manages endowment funds. The objective is to ensure that each donor’s contribution fulfills the donor’s intent while complying with accounting and legal requirements as well as the Foundation’s policies as approved by the Foundation Board. The endowment funds help to assure the long-range financial security of the Foundation and the University.

Because it is critical to maintain the highest standards of stewardship over a long time horizon, and in consideration of the generosity and commitment from our donors, the Endowment Policy is revised from time to time. This assists to avoid unforeseen issues for these long-term holdings and allows the Foundation and the University to fulfill its promise to the donor to manage funds wisely. In addition, endowment funds often span many generations. At times, society and financial markets change, therefore it is important to review and realign policy as needed.

2.0. Establishing An Endowment

2.1 A minimum gift of \$50,000 is now required to establish an endowment. A donor may establish a named endowment fund also by providing pledged gifts over time totaling \$50,000 or more, provided that the time period does not exceed five years.

2.2 Endowment Terms and Classes

- 2.2.1 Endowment funds are comprised of special asset classes held by the Foundation. The terms for these asset classes may vary based on whether the classes are described in the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) or in Generally Accepted Accounting Principles (“GAAP”). Both accounting requirements and legal rules govern the endowment funds.
- 2.2.2 Assets covered by the Endowment Policy adopted revised rules governing institutional funds in 2009, effective as of January 1, 2009 for existing and new funds, referred to generally as UPMIFA. Endowment funds are one type of institutional funds to be governed by this law.
- 2.2.3 An endowment fund is one that, under terms of a gift instrument or agreement, is not wholly expendable on a current basis. This provides for permanent and term endowments as defined in section 2.3 below.
- 2.2.4 Certain assets are specifically excluded from the definition of institutional funds, and therefore are not endowment funds: program-related assets (assets used in the charitable program), funds held by a third-party trustee (aside from another institution or another charity), and a fund where a beneficiary (not an institution) holds an interest, such as a charitable remainder trust while the

income beneficiary is still receiving payments. Consequently, these three classes will not be affected by this endowment policy.

2.2.5 All other types of funds described in Section IV are covered by this policy.

2.2.6 Alignment with UPMIFA, GAAP and CASE Guidelines.

2.2.6.1 This policy is intended to comply with and be administered under the UPMIFA rules as provided in the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), Minn. Stat. §§ 309.73-.77, which provides standards and procedures for charities managing institutional funds. These provisions specifically provide for management and investing of the funds as well as appropriation (spending) or accumulation. They also provide mechanisms for modification of funds where necessary.

2.2.6.2 GAAP rules are followed consistently in order to comply with audit requirements for financial statements. CASE (Council for Advancement and Support of Education) Reporting Standards and Management Guidelines (4th Edition, 2009) are also adhered to in the management of endowment funds.

2.3 Terminology and Definitions

2.3.1 Permanent Endowments. Assets held as endowment funds vary by classification. Permanent endowments are “permanently restricted funds,” better known in common parlance as “true endowment”, which means the donor has set forth specific restrictions to last in perpetuity.

2.3.2 Term or Temporary Endowments. “Temporarily restricted fund” means the donor has restricted the funds in some temporal manner. Thus, an endowment fund may be designed to last for a set number of years, and then released to become an unrestricted fund. In other provisions, the donor may allow interest, gains and principal to be appropriated, or amortized, over time until the fund is fully expended. A third usage of temporary restriction is to restrict not only the fund to endowment, but also its distribution to a specific use or program.

2.3.3 Quasi-Endowment. Quasi-endowment, or the accounting term “funds functioning as endowment,” means that the institution imposed a restriction upon itself, calling a fund quasi-endowment. However, UPMIFA and GAAP rules specifically state that the term endowment fund does not include assets an institution designates as endowment for its own use. Consequently, quasi-endowment funds are actually unrestricted funds the Foundation chooses to treat as if it was an endowment.

3.0 Investment of Endowment Funds

3.1 All types of endowment funds, including quasi-endowments, will be invested in accordance with the Foundation’s approved Investment Policy.

3.2 In accordance with standards required by UPMIFA, subject to the intent of the donor expressed in a gift instrument, and in compliance with the institution’s duty of loyalty expressed in UPMIFA, the endowment funds will be managed and invested in good faith and with the care an ordinarily prudent person would exercise in similar circumstances.

3.3 Gifts intended for endowment that are non-income producing in-kind or illiquid assets will be managed separately while illiquid. All illiquid assets designated to fund an endowment will be sold as soon as prudent and possible, and the net proceeds after the sale will then be included in the endowment investment pool subject to the Investment Policy. While illiquid or non-income producing, all assets will be valued annually to determine fair market value.

4.0 Spending Policy

4.1 Purpose of Rule: The spending policy is part of the endowment policy and governs the distributions from all endowment funds. The intent of the spending policy is three-fold: to achieve consistency with regard to all three types of endowment funds addressed in 2.3, to balance the expenditures in order to

preserve the funds' ability over time to support the current activities, and to enhance the value of the funds to extend their benefits to future generations.

- 4.2 Components of Expenditure: In accordance with UPMIFA, it is lawful to provide for distributions from principal, gain, whether realized or unrealized, and income (dividends, interest, rents, royalties). The Foundation may appropriate or accumulate so much of the funds as it determines prudent for the uses, benefits, purposes and duration of an endowment fund. It is the intent of the spending policy to achieve consistency in the management of the numerous endowment funds and therefore the Foundation will not encourage variations from its spending policy on a per donor basis.
- 4.3 Spending Rate: Spending authority for endowed accounts not underwater will be the product of a spending rate annually determined by the Foundation Board at the recommendation of the Investment Committee. Should market performance result in an unsustainable change in available spending, the Investment Committee will address altering the spending rate accordingly. Exceptions to these appropriation guidelines may be granted by the Investment Committee.
- 4.4 The distributable amount for payout each year is based on the average of the market values on June 30th for each of the twelve (12) consecutive quarters preceding the fiscal year in which the payout is to be made. For accounts with less than three years of preceding June 30 balances, calculation will be modified to average eight (8) quarters or to use a one-year balance as appropriate to that endowment account.
- 4.5 In general, the amount distributable in accordance with the set spending rate will be composed first from realized total return, and if insufficient, from principal, unless principal usage is specifically prohibited by a donor's written direction. Income and gain in excess of the distributable amount as defined in this spending policy shall be added back to the fund to be reinvested for growth and to preserve and enhance the value of the fund. The reinvested amounts will be identified as spending reserves and to the extent that a current year's investment total return is insufficient to meet the spending rate, the reserves may be drawn upon for distribution. For quasi-endowments, the reserve will be added to principal of the fund and such enhanced principal will be expendable in accordance with the governing resolution of the quasi-endowment fund or the direction of the Foundation Board.
- 4.6 Quarterly Allocation: Financial results (total return on investment) of the endowment investment pool will be allocated on a quarterly basis to individual endowment accounts based on the value an individual endowment account bears to the value of the total endowment pool. (This is calculated based on the average of the fair market value of the three months preceding the end of a quarter). This percentage shall be applied to total earnings and such portion of earnings shall then be allocated to the individual endowment account.
- 4.7 Illiquid Assets Held as Endowment: No distribution will be made from illiquid assets held in endowment until the assets are liquidated, are added to the endowment investment pool, and therefore become income producing. However, if illiquid assets are producing net income after administrative expenses, distributions may be made from the income of the asset. Income earned on illiquid assets held as endowment may be distributed in accordance with a donor's expressed, written intent in the gift agreement, or by approval of the Investment Committee if no intent was expressed by the donor in the gift agreement.
- 4.8 Pledged Amounts Where Endowment Fund is Not Yet Completed: A donor may establish a named endowment fund by providing pledged gifts for up to five years totaling the threshold amount of \$50,000. However, for endowments that have not yet reached the threshold amount, no distributions will be made. See also, Section 2.1.

5.0 Assessment of Fees

- 5.1 All endowment accounts in the endowment pool are subject to fees assessed annually based on each endowments four quarter market value average of the previous year at the rate of approximately 1.2%. The assessed fee shall be a priority distribution and shall be distributed to the general fund of the Foundation. All donors to endowment funds shall be notified in writing of this fee assessment.
- 5.2 A management fee will be negotiated with the Outside Chief Investment Officer, but in the range of .8%. Should market performance result in an unsustainable change in available spending, the Investment Committee will address altering the spending rate accordingly.
- 5.3 Illiquid Assets: Illiquid assets that are not yet part of the endowment investment pool are not subject to this fee assessment. Disposition costs for illiquid assets will be charged as direct costs to the endowment account, as agreed upon in the endowment gift agreement.
- 5.4 Pledged Funds: Funds pledged to create an endowment over time that have not yet reached fulfillment and launched as an endowment will be assessed this fee on pledge payments to date. Actual payments on pledged endowments participate in the investment pool and receive quarterly allocated distributions of earnings. At the time of the pledge fulfillment the endowment will be reviewed to verify that fees applied to pledge payments have not exceeded investment earnings on pledge payments. Should fees exceed earnings the endowment will be credited back previously charged endowment fees.

6.0 Administration of Funds

- 6.1 New Accounts; All new endowment accounts will require the \$50,000 threshold amount. Endowments created prior to the adoption of this revised policy will be “grandfathered” and not subject to the new threshold requirement.
- 6.2 Endowments Pledged Over Time; All pledged endowment accounts being funded over time shall not be operated as an endowment until fully funded, which shall be expressly provided in the gift agreement. The establishment of the endowment account is contingent upon the completion of the funding of the pledge.
 - 6.2.1 An account that has not reached full funding by the end of the pledged period (or by the maturity of the deferred gift or bequest) shall not be launched as an endowment and shall be reviewed by the Senior Director of Advancement Services with a recommendation to the Investment committee.
 - 6.2.2 If the donor is able to complete the funding within a time approved by the Foundation Board or its delegate, the fund may still be able to be launched as an endowment. Such review may conclude, however, that an alternate use for the distribution from the fund may be made with the written consent of the donor, where available.
 - 6.2.3 If the donor is unavailable, no longer competent or is deceased, the Foundation Board or its delegate may redirect the usage of the incomplete fund. Attempts to notify the donor or his/her representative shall be made prior to redirection.

6.3 Modification or Termination of a Fund

In general, the Foundation may seek to modify a restricted gift if the restriction has become unlawful, impracticable, impossible to achieve, or wasteful. Such modification or release of restriction shall be done in a manner consistent with the provisions of UPMIFA. If the donor is alive, the Foundation will seek written consent of the donor to modify or release the restriction on the fund through a Memo of Understanding. With the donor’s written consent, the Foundation may modify or release a restriction

without court approval. If the donor is not available to provide written consent, a restriction may be modified upon petition to court.

6.3.1 Endowments With No Further Purpose; unusable funds where the stated purpose or use of the fund, or the investment or management of the fund, as provided in the gift instrument, is no longer achievable due to it being unlawful, impracticable, impossible to achieve, or wasteful, the Foundation may petition the court, with notice to all appropriate parties, to modify the purpose in a manner consistent with the stated purpose, or modify the investment to further the purpose of the fund.

6.3.2 Endowments with Insufficient Funds where the Foundation determines that a restriction in a gift instrument on investment, management or purpose is unlawful, impracticable, impossible to achieve, or wasteful,

6.3.2.1 the fund is valued at less than \$100,000;

6.3.2.2 is more than 20 years old;

6.3.2.3 and the Foundation can use the funds in a manner as near as possible to the stated purpose or restriction, the Foundation may give written notice to the donor, if alive, at his/her last known address, and through compliance with the current Minnesota law as available through the current Guide to Minnesota’s Charities Laws.

Title	Accessing Database Information	Version	1
Committee Recommending:	Investment Committee	Approval Date	2.3.2022
Approved By	Full Board	Approval Date	5.13.2022
Committee Responsible for Oversight:	Investment Committee		



ARTICLE VI
Investment Policy



Minnesota State University – Mankato Foundation (MSUMF)

INVESTMENT POLICY STATEMENT

May 17, 2024

CONTENTS

OVERVIEW

DEFINITION OF DUTIES

OBJECTIVES AND CONSTRAINTS

ASSET ALLOCATION

PERFORMANCE MEASUREMENT

EVALUATION OF THE INVESTMENT ADVISOR

ACKNOWLEDGEMENT

REVISIONS AND APPROVAL

APPENDIX

OVERVIEW

PURPOSE

This Investment Policy Statement (IPS) was adopted by the Board of Directors (the Board) of the Minnesota State University – Mankato Foundation (MSUMF) to establish a clear understanding of the Portfolio’s philosophy and investment objectives.

The purpose of the Portfolio is to accumulate a pool of assets sufficient to build capital for future use with the corresponding obligation to support current needs. While shorter-term investment results will be monitored, adherence to a sound long-term investment policy, which balances short-term spending needs with preservation of the real (inflation-adjusted) value of assets, is crucial to long-term success.

SCOPE

The IPS applies to all assets that are included in the Foundation’s investment portfolios for which the Investment Advisor has discretionary, investment authority.

FIDUCIARY DUTY

In seeking to attain the investment objectives set forth in the IPS, the Investment Committee (the Committee) and the Investment Advisor shall exercise prudence and appropriate care in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which provides guidance for investment management and enumerates a more detailed set of rules for investing in a prudent manner.

All investment actions and decisions must be based solely in the interest of the Foundation. Fiduciaries must provide full and fair disclosure to the Committee of all material facts regarding any potential conflicts of interest.

DEFINITION OF DUTIES

BOARD OF DIRECTORS

The Board of Directors is the governing body of the Foundation and its portfolios. The Board is the ultimate fiduciary with authority over the assets.

Responsibilities of the Board include:

- Establish and adopt policies, including this IPS (as amended from time to time), governing the investment and management of the Foundation portfolios;
- Delegate implementation and oversight responsibility to the Investment Committee, which will report directly to the Board;
- Inform the Investment Committee of the financial requirements of the Foundation so that the Committee may appropriately direct the investment allocation of the Foundation portfolios; and,
- Engage an Investment Advisor to advise the Committee and the Foundation with respect to these duties.

INVESTMENT COMMITTEE

The Investment Committee, as established by the Board, will (i) adhere to the applicable provisions of this IPS, (ii) review the IPS at least annually, and (iii) propose any changes to the IPS for the Board's approval.

Additional responsibilities of the Committee include:

- Monitor performance of the investment portfolios, allocation, and Investment Advisor on a periodic basis;
- Report to the Board on a periodic basis regarding the status of the Assets;
- Recommend the selection, monitoring, and termination of the Investment Advisor to the Board;
- Possess sufficient knowledge about the portfolios and its Investment Advisor to be reasonably assured of their compliance with the IPS; and,
- Appoint and terminate the custodian.
- As part of the annual workplan, ongoing education about current, relevant and developing investment topics that may impact the Portfolio. This includes environmental, social, and governance ("ESG") factors as well as a diversity and inclusion lens.

STAFF

The Investment Committee delegates responsibility for executing policies and procedures as outlined in this IPS to the Foundation's Staff. The Staff will serve as a contact for the Foundation's custodian and Investment Advisor.

The Staff acts on the recommendations of the Investment Committee.

INVESTMENT ADVISOR

The Investment Advisor is responsible for managing the MSUMF Portfolio consistent with this IPS.

Responsibilities of the Investment Advisor include:

- Implement and monitor the overall investment strategy, including asset allocation and the selection and termination of the Portfolio's holdings;
- Have full investment discretion regarding product and/or security selection;
- Have full discretion to establish, maintain, and modify benchmark(s) that are aligned with the strategic targets;
- Not employ short-selling, margin trading or direct investments in commodities at the portfolio level;
- Provide the Investment Committee with quarterly performance reports;
- Assist the Investment Committee periodically with a review of the IPS, including an assessment of investment objectives, asset allocation ranges, and illiquidity targets;
- Supply the Investment Committee with other reports, education or information as reasonably requested;
- Notify the Investment Committee in writing of any material changes in the investment outlook, portfolio structure, ownership or senior personnel; and,
- Vote proxies and share tenders in a manner that is in the best interest of the Portfolio.

CUSTODIAN

The custodian is an integral part of managing and overseeing the Portfolio. Any custodian will promptly provide to the Foundation Staff and Investment Advisor all information reasonably necessary for compliance, implementation, and monitoring purposes.

The custodian shall:

- Be of institutional quality;
- Provide monthly transaction and asset reports in a timely manner; and,
- Promptly communicate any errors, irregularities or concerns regarding portfolio transactions or valuation.

OBJECTIVES AND CONSTRAINTS

PRIMARY OBJECTIVE

The primary investment objective of the Foundation is to preserve and enhance the purchasing power of the organization's assets. Accordingly, the Foundation seeks a long-term rate of return on investments that will grow its assets by an amount sufficient to offset inflation, required spending and program fees and expenses, over a full market cycle of 7-10 years, while maintaining sufficient liquidity to meet obligations arising from planned activities. In quantitative terms, this translates to:

DESCRIPTION	FACTOR
Required Spending	+ 4.0%
Inflation Factor	+ 2.0% (1% - 3%)
Program Fees & Expenses	+ 1.7%
Total <u>Net</u> Return*	≥ 7.7%

*Please note that this is a net return figure. Performance is typically reported net of the costs of underlying managers, but does not usually include advisory/OCIO fees. Estimates for the MSUMF portfolio are ~50bp for asset manager fees and ~25bp for advisory/OCIO fees.

TIME HORIZON

The portfolios are designed to be maintained into perpetuity. Therefore, the primary objective includes an inflation factor to protect the purchasing power of the assets over the long-term. The Committee does not expect that all investment objectives will be attained in each year and recognizes that over various time periods, the portfolio may produce significant over or under performance relative to the broad markets.

SPENDING POLICY

Capital available for spending is determined by a total return system. The amount to be spent in the coming fiscal year is 4.0% and is calculated each June 30th and is reviewed and approved by the Committee annually. The calculation is based on a 12-quarter rolling average of the market value of the total endowment pool. Then is distributed to each endowment proportionately, using a 4-quarter rolling average balance from the previous fiscal year.

LIQUIDITY

The Foundation Portfolio will seek to maintain a balance between investment goals and liquidity needs. Liquidity is necessary to meet the spending policy payout requirements and any extraordinary events. In many instances, the most appropriate investment option is one that comes with liquidity constraints.

Illiquid investments include private equity, private debt, and private real assets. Hedge funds are considered semi-liquid due to lock-up periods, redemption restrictions, and in some cases, illiquidity of the underlying investments. To ensure adequate liquidity for distributions and to facilitate rebalancing, the Committee, Staff, and Investment Advisor will conduct a review of Portfolio liquidity prior to allocating to less liquid investments, based upon the following targets (and ranges):

CLASSIFICATION	RANGE	LIQUIDATION ¹
Liquid	At least 70% of the Assets	≤ Monthly
Semi-Liquid	No more than 20% of the Assets	> Monthly to ≤ 12 Months
Illiquid ²	No more than 25% of the Assets	> 12 Months

¹ Excludes any initial, lock-up period or redemption gate.

² For illiquid investments, market movements could cause the assets to move outside the ranges, in which case, rebalancing will not be necessary, but future illiquid commitments may need to be adjusted.

ASSET ALLOCATION

To achieve its investment objective, the Portfolio will be allocated among several asset classes with a bias toward equity and equity-like investments due to their higher long-term return expectations. The strategic asset allocation seeks to provide an expected total return aligned with the primary objective of the Portfolio, while avoiding undue risk concentrations in any single asset class or category, thus reducing risk at the overall portfolio level.

Investments will generally fall into one of four asset categories. Each category serves a specific role within a portfolio. An allocation to all four categories can provide diversification to major market risk factors and provides a simple framework to review the exposures within the portfolio. The inclusion or exclusion of asset categories shall be based on the impact to the total Portfolio, rather than judging asset categories on a stand-alone basis.

The categories are as follows:

GLOBAL EQUITY	Intended to be the primary source of long-term growth for the portfolio, as equities historically have produced high real rates of return. While having higher expected returns, they also have higher volatilities. Includes both domestic and international, long-only equities as well as private equity.
GLOBAL FIXED INCOME/CREDIT	Intended to offset the volatility of equities, particularly during market downturns, as well as provide deflation protection. These investments are comprised primarily of fixed income (debt) securities and can be further categorized as interest rate sensitive and credit sensitive. Can be public or private.
REAL ASSETS	Intended to insulate the portfolio from inflation shocks and to provide a source of non-correlated returns with other asset categories. Includes real estate investment trusts (REITs), global infrastructure, natural resources, and commodities. Can be public or private.
DIVERSIFYING STRATEGIES	Intended to provide diversification from systematic market risk, as the primary determinant of returns is typically manager skill (alpha) rather than market return (beta). Includes directional and non-directional strategies that seek low correlations to the public equity and fixed income markets. May also include uncorrelated niche drawdown strategies.

STRATEGIC RANGES

To achieve the Portfolio's objectives, the asset allocation will be based on strategic ranges. The following ranges govern the asset allocation of the Portfolio (see Appendix).

ENDOWMENT		
ASSET CATEGORY	MINIMUM	MAXIMUM
GLOBAL EQUITY	45%	75%
FIXED INCOME	5%	35%
REAL ASSETS	0%	20%
DIVERSIFYING STRATEGIES	0%	20%
CASH	0%	10%

REBALANCING

The Investment Advisor will always actively manage the assets on an ongoing basis but seek to remain within the minimum and maximum ranges.

At its discretion, the Investment Advisor will rebalance the portfolio. Cash flows may also prompt the Investment Advisor to rebalance the portfolio within the strategic ranges.

Should any category move out of acceptable range due to market fluctuations, the Investment Advisor will use prudence in rebalancing the portfolio in a timely fashion.

PERFORMANCE MEASUREMENT

PERFORMANCE BENCHMARKING

Long-term investment returns will be evaluated against various benchmarks over a full market cycle (for measurement purposes: 5 years).

PRIMARY OBJECTIVE

The primary objective of the Portfolio is to achieve a total return, net of fees, in excess of spending, administrative fees, and inflation. The Primary Benchmark is the minimum return needed to achieve the portfolio's long-term investment objectives.

Total Return greater than Consumer Price Index + 4.0% + 1.7%

BROAD POLICY BENCHMARK

A secondary objective is to achieve a total return in excess of the Broad Policy Benchmark, comprised of each broad asset class benchmark weighted by its long-term strategic allocation. The Broad Policy Benchmark is comprised of mutually exclusive broad market asset class indices to measure broad policy decisions. The Broad Policy Benchmark will be something akin to (current actual target weighted benchmark is detailed in the appendix):

WEIGHT	INDEX	ASSET CATEGORIES
70%	MSCI ACWI	Equity / Real Assets
30%	Barclays U.S. Aggregate	Fixed Income / Diversifying Strategies

TARGET WEIGHTED BENCHMARK

Another investment objective is to achieve a total return in excess of the Target Weighted Benchmark, comprised of each asset category benchmark weighted by its target allocation. The Investment Advisor, at its discretion, is responsible for updating the Target Weighted Benchmark to coincide with any changes to strategic targets (see Appendix).

EVALUATION OF THE INVESTMENT ADVISOR

In addition to the Portfolio performance results, the Investment Advisor will be reviewed on an on-going basis based on overall service provided to the Portfolio. Specifically, the Investment Advisor will be evaluated on the following criteria:

1. Responsiveness: answers questions, concerns, and requests quickly and in a timely manner while following through and completing required tasks;
2. Business Relationship: knowledge of the Foundation and the portfolio; knows the people associated with the Portfolio;
3. Professionalism: treats Staff with dignity, interest, and respect; conveys strong desire and commitment to serving the Portfolio;
4. Proactivity: brings ideas and suggestions to the Investment Committee, Staff, and Board;
5. Problem Resolution: able to resolve issues and problems in a quick and effective manner;
6. Technical Knowledge: understands financial issues and can clearly explain complex concepts; understands the Portfolio's specific goals and objectives; and,
7. Portfolio Reports: reports are accurate and delivered in a timely manner; the report format is user friendly and easy to understand; reports contain relevant information that is useful in decision making.

ACKNOWLEDGEMENT

We recognize the importance of adhering to the mission and strategy detailed in this policy. We agree to work to fulfill the objectives stated herein, within the guidelines and restrictions, to the best of our ability. We acknowledge that open communications are essential to fulfilling this mission, and therefore, recognize that suggestions regarding appropriate adjustments to this policy or the way investment performance is reviewed are expected.

DocuSigned by:

6EE39F502DE2489...

6/4/2024 | 10:46 AM PDT

Minnesota State University – Mankato Foundation

DocuSigned by:

4DA4FF5C69B944A...

Date

6/4/2024 | 7:56 PM EDT

Minnesota State University – Mankato Foundation



Date

May 17, 2024

Fund Evaluation Group, LLC

Date

REVISIONS AND APPROVAL

Approved and adopted by Board: May 17, 2024

Approved and adopted by Board: May 5, 2023.

Approved and adopted by Board: May 15, 2020.

Updated and adopted by Board: April 30, 2021

Updated and Adopted by Board: May 13, 2022

Updated and Adopted by Board: May 19, 2023

This section is provided for operational purposes and may be amended, modified, or deleted by the Investment Committee (or as otherwise directed). Amendment, modification, or deletion of this section does not require any Board permission, review, or approval.

STRATEGIC TARGETS

To achieve the Portfolio's objectives, the asset allocation will be based on strategic targets (and ranges). Targets are guidelines, rather than explicit rules, and will be updated by the Investment Advisor as needed to allow the strategy to meet the Portfolio's objectives.

Following are targets to each of the broad asset categories that represent the Investment Advisor's current understanding of the appropriate asset allocation for achieving the Portfolio's objectives.

ASSET CATEGORY	MINIMUM	TARGET	MAXIMUM
GLOBAL EQUITY	45%	60%	75%
DOMESTIC EQUITY	20%	*	40%
INTERNATIONAL EQUITY (INCLUDES EMERGING MARKETS)	15%	*	35%
PRIVATE EQUITY	0%	9%	10%
FIXED INCOME	5%	20%	35%
LIQUID	10%	17.5%	30%
SEMI-LIQUID			
ILLIQUID	0%	3%	10%
REAL ASSETS	0%	10%	20%
LIQUID	0%	5%	10%
ILLIQUID	0%	6%	10%
DIVERSIFYING STRATEGIES	0%	10%	20%
CASH AND CASH EQUIVALENTS	0%	0%	10%

*Specific allocations not provided so as to give additional flexibility in implementation and allow for flexibility in benchmarking. Outer ranges shown will still apply.

PERFORMANCE BENCHMARKING

Performance will be measured relative to a Target Weighted Benchmark composed of each asset category benchmark (or appropriate substitute) weighted by its strategic target. The Investment Advisor is responsible for updating the Target Weighted Benchmark to coincide with any changes to strategic target(s). Component indices and weights are subject to updates at the discretion of the Investment Advisor.

WEIGHT	INDEX	ASSET CATEGORIES
60%	MSCI ACWI	Global Equity
20%	Bloomberg Barclays US Aggregate Bond	Fixed Income / Credit
10%	S&P Real Assets Equity	Real Assets
10%	HFRX Global Hedge Fund	Diversifying Strategies



Article 6-6.2 OUTSIDE CHIEF INVESTMENT OFFICER (OCIO) POLICY

1.0 Purpose

The Foundation has operated with an Outside Chief Investment Officer (OCIO) to manage the Foundations' investments since 2012.

The Foundation Board, as part of a best practices commitment, will create a Request for Proposal (RFP) or Request for Response (RFR) every six years with the intent to test market responses, control costs, and receive the best available council and management from our OCIO partner. The RFP/RFR process will be led by the Investment Committee working with University Advancement staff.

Beginning in 2008 the Foundation hired its first Outside Chief Investment Officer and in such capacity is expected to select, retain and terminate fund managers ("subadvisors") as necessary to execute the strategies of its investment programs. The OCIO will have discretion to develop and execute the investment program within the constraints of the guidelines of the Investment Policy Statement (IPS). The OCIO will be responsible for the timely implementation and administration of these decisions.

2.0 Expectations

The OCIO will, at a minimum:

- 2.1** Comply with "prudent expert" standards.
- 2.2** Know and comply with the policies as outlined in the Investment Policy Statement (IPS) document. It is OCIO's responsibility to identify policies that may have an adverse impact on performance, and to initiate discussion with the Foundation Investment Committee or and University Advancement Staff toward possible improvement of those policies.
- 2.3** Maintain thorough and appropriate written risk control policies and procedures. Oversight of compliance with these policies must be ongoing and independent of line investment activity.
- 2.4** Reconcile every month accounting, transaction and asset summary data with custodian valuations, and communicate and resolve any significant discrepancies with the custodian.
- 2.5** Maintain frequent and open communication with Foundation Investment Committee and/or University Advancement Staff, on all significant matters pertaining to the investment policy, including, but not limited to, the following:
 - 2.5.1** Major changes in the Investment Manager's investment outlook, investment strategy, investment process, subadvisors or portfolio structure;
 - 2.5.2** Significant changes in ownership, organizational structure, financial condition or senior personnel;
 - 2.5.3** All pertinent issues which the OCIO deems to be of significant interest or material importance
 - 2.5.4** Meet with Management or its designees on an as-needed basis.

Title	Outside Chief Investment Officer (OCIO) Policy	Version	1
Committee Recommending:	Investment Committee	Approval Date	4.17.2020
Approved By	Full Board	Approval Date	5.13.2022
Committee Responsible for Oversight:	Investment Committee		

Article 6 6.3 Maverick Student Investment Fund Policy

- 1.0** The Maverick Student Investment Fund will continue to be overseen by the Investment Committee of the Foundation, with signature authority resting with the Vice President of University Advancement and the Chair of the Investment Committee.
- 2.0** All gains and losses to the Fund will post to the Fund and be retained by the Foundation.
- 3.0** Beginning July 1, 2023 Fund disbursements shall be made in accordance with Foundation payment procedures. On an annual basis the following will be taken from the Fund.
 - 3.1** The % distribution approved annually by the Foundation Board (typically 3.5-4%) will be distributed to the College of Business (Dean’s Discretionary Fund or other dedicated account). It is the Board’s preference that the funds be used for Mav Fund program management. The Dean may request the funds be used for other purposes such as recruitment or retention scholarships.
 - 3.2** The % or established amount of management fee approved annually by the Foundation Board will support the Foundation’s unrestricted administrative budget.
- 4.0** The Fund is actively managed during the academic year by students enrolled in the Mav Fund connected course, and by the academic advisor (faculty). During the mid-year and summer breaks a “Stop-loss Order” is placed on each account as soon as reasonably possible following the semester. The Stop-loss order is rescinded when the academic program advisor (faculty) believes the class is ready to assume management. The academic program advisor for the Fund is responsible for initiating the Stop-Loss process. Note: between summer, holiday break and transitional periods where students are getting up to speed, the portfolio is potentially “unmanaged” ~30% of the time.
- 5.0** The Board of Directors of the Foundation, or its designee, has and shall have full and plenary power and authority to take, hold, manage, invest, and reinvest any principal hereunder, consistent with management policies of the Board of Directors, or its designee.
- 6.0** Should the Maverick Student Investment Program dissolve, the Board of Directors of the Foundation will realign the Fund in a manner which is in the best interests of the University.
- 7.0** If the Foundation is dissolved, the Fund shall automatically revert to the University to be managed by the University consistent with the laws of the state of Minnesota and the uses and purposes established by this document.

Title	Maverick Student Investment Fund Policy	Version	1
Committee Recommending:	Investment Committee	Approval Date	May 5, 2023

Approved By	Full Board	Approval Date	May 19, 2023
Committee Responsible for Oversight:	Investment Committee		



APPENDIX

Appendix A: Articles of Incorporation.....	pg. 125
Appendix B: IRS Determination (501(c)3) Letter	pg.132
Appendix C: Standard Contract Agreement 2021-2024.....	pg. 134
Appendix D: Guide to MN Charities Laws (UPMIFA)	pg. 146
Appendix E: Association of Fundraising Professionals (AFP) Ethical Standards	pg. 170
Appendix F: Council for the Support and Advancement of Education (CASE) Statement of Ethics	pg. 171
Appendix G: The Donor Bill of Rights	pg. 172

**CERTIFICATE OF AMENDMENT
TO THE
AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
MANKATO STATE UNIVERSITY FOUNDATION, INC.**

We, the undersigned Dale A. Johnson and George R. Haefner, respectively the President and Secretary of Mankato State University Foundation, Inc., a non-profit corporation organized pursuant to Chapter 317, Minnesota Statutes, and acts amendatory thereof and supplemental thereto, do hereby certify that on October 2, 1998, a meeting of the Board of Directors was called upon written notice of the meeting and of the proposed amendment to the Amended and Restated Articles of Incorporation and the following Resolution amending Article 1 of the Amended and Restated Articles of Incorporation was adopted by a unanimous vote of the Board of Directors, a quorum then being present and voting:

RESOLVED that Article 1 of the Amended and Restated Articles of Incorporation shall be amended to read as follows:

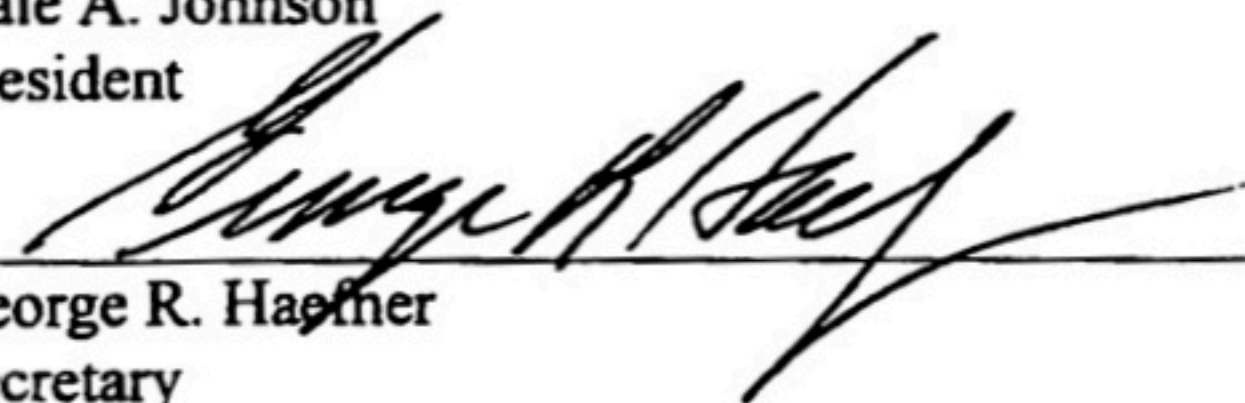
ARTICLE 1. NAME

The name of this corporation is MINNESOTA STATE UNIVERSITY, MANKATO FOUNDATION, INC. (hereinafter referred to as "Foundation").

IN WITNESS WHEREOF we have subscribed our names and caused the corporate seal of this corporation to be hereto affixed this 2nd day of October, 1998.



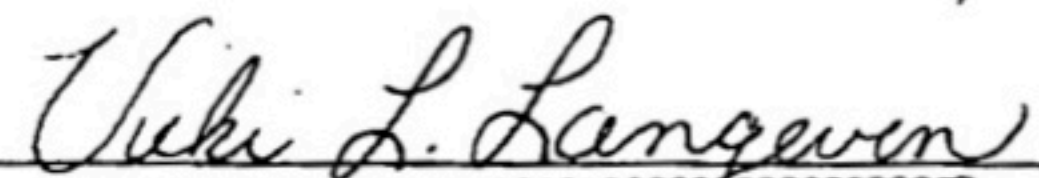
Dale A. Johnson
President

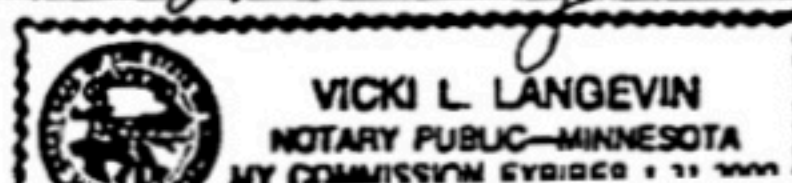


George R. Haefner
Secretary

STATE OF MINNESOTA
COUNTY OF BLUE EARTH

On the 2nd day of October, 1998, before me, a notary public, personally appeared Dale A. Johnson and George R. Haefner, who being first duly sworn, on oath did say that they are respectively the President and Secretary of Mankato State University Foundation, Inc., a Minnesota non-profit corporation, and are duly authorized to execute the foregoing Certificate on the corporation's behalf, and the said Dale A. Johnson and George R. Haefner acknowledged that they executed the foregoing Certificate of Amendment as their free act and deed, and as the free act and deed of Mankato State University Foundation, Inc.







AMENDED AND RESTATED ARTICLES OF INCORPORATION

Pursuant to a resolution duly adopted by the Board of Directors of the Foundation on May 10, 1996, the following constitute the Restated Articles of Incorporation of the undersigned, a Minnesota nonprofit corporation. These Restated Articles of Incorporation correctly set forth, without change, the corresponding provisions of the Articles of Incorporation as heretofore amended, and supersede the original Articles of Incorporation of the Foundation and all amendments thereto.

ARTICLE 1. NAME

The name of this corporation is MANKATO STATE UNIVERSITY FOUNDATION, INC. (hereinafter referred to as "Foundation").

ARTICLE 2. DURATION

The duration of the Foundation shall be perpetual.

ARTICLE 3. PURPOSES

3.1. **Purposes.** The Foundation is organized exclusively for scientific, literary, charitable, and educational purposes, within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended (the "Code"), and Chapter 317, Minnesota Statutes, and acts amendatory thereof and supplemental thereto, for the sole benefit of Mankato State University (an institution of higher learning and an agency of the State of Minnesota), except as provided in Article 3.2.2. To that end its purposes shall include, but not be limited to, the following:

- (a) to solicit and encourage contributions to fund its activities and carry out its purposes,
- (b) to receive, hold, invest and administer funds and property and make expenditures to or for the benefit of Mankato State University, thereby developing and expanding scientific, literary, charitable and educational undertakings of Mankato State University,
- (c) to conduct such activities and to operate in such a manner as shall be designed or intended to facilitate or enhance the educational, cultural, living and operational conditions at Mankato State University.

- (d) to provide support for maintaining, improving, enlarging and extending the curricula, services, faculty, staff and scientific, literary and educational research capabilities of Mankato State University, and its real and personal property.
- (e) to provide financial or other assistance to the students, faculty and staff of Mankato State University in their efforts to acquire new knowledge and extend the scientific, literary and educational services and endeavors of Mankato State University.
- (f) To provide advice and counsel to the President of Mankato State University regarding the creation, improvement and conduct of the University's development program, and
- (g) to otherwise enhance the scientific, literary and educational pursuits of Mankato State University.

The Foundation is intended to be an organization which is exempt from federal income tax under Section 501(c)(3) of the Code and an organization described in Section 509(a)(3) of the Code. All terms and provisions of these Articles of Incorporation and all purposes, powers and activities of the Foundation shall be construed, applied and carried out in accordance with such intents.

3.2 Limitations.

3.2.1 Nonprofit Status. The Foundation shall not have or issue shares of stock. The Foundation is not organized for profit and no part of its net earnings shall inure to the benefit of any Director or officer of the Foundation or any private individual and the Foundation shall not be authorized and empowered to pay any compensation to its Directors or officers for their services as such, except that the Foundation may pay reasonable compensation for services to the Foundation performed by Foundation officers who are in the employ of the Foundation.

3.2.2 Distributions; Dissolution. No Director or officer of the Foundation and no other private individual shall be entitled to share in the distribution of any of the corporate assets upon dissolution of the Foundation or the winding up of its affairs. Upon such dissolution or winding up, after paying or making adequate provisions for the payment of all of the liabilities of the Foundation, all the remaining assets of the Foundation shall be distributed by the Board of Directors to Mankato State University. In the event Mankato State University is not then in existence, such remaining assets shall be distributed to an organization or organizations organized and operated exclusively for charitable, educational or scientific purposes which then qualify for exemption under the provisions of Section 501(c)(3) of the Code of 1984 and any amendments thereto, as the Board of Directors shall determine.

3.2.3 Prohibited Activity.

- (a) No substantial part of the activities of the Foundation shall be devoted to the carrying on of propaganda, or otherwise attempting to influence legislation except as may be permitted to Section 501(c)(3) organizations by the Code, and the Foundations shall not

participate I, or intervene in (including the publication or distribution of statements), any political campaign on behalf of any candidate for public office.

- (b) Notwithstanding any other provision of these Articles of Incorporation, the Foundation shall not conduct or carry on activities not permitted to be conducted or carried on by an organization exempt from federal income tax under Section 501(c)(3) of the code or by an organization, contributions to which are deductible under Section 170(c)(2) of the Code.
- (c) The Foundation is prohibited from engaging in any act of self-dealing as defined in Section 4941(d) of the Code, from retaining any excess business holding as defined in Section 4943(c) of the Code which would subject the Foundation to tax under Section 4943 of the Code, from making any investments which would subject the Foundation to tax under Section 4944 of the Code, and from making any taxable expenditure as defined in Section 4945(d) of the Code. If Section 4942 of the Code is deemed applicable to the Foundation, it shall make distributions at such time and in such manner that it is not subject to tax under Section 4942 of the Code.

3.3 Powers. In general, and subject to such limitations and conditions as are or may be prescribed by law, by these Articles of Incorporation, or by the Bylaws of the Foundation, the Foundation shall have the authority (a) to engage in any and all activities as are incidental or conducive to the attainment of the purposes of the Foundation set forth in Article 3.1 and (b) to exercise any and all powers authorized or permitted under such laws as are now, or hereafter may be, applicable or available to the Foundation.

ARTICLE 4. BYLAWS

The authority to adopt, amend and repeal the Bylaws of the Foundation is vested in the Board of Directors of the Foundation. The Bylaws may contain any provision for regulation and management of the affairs of the Foundation which is not inconsistent with these Articles of Incorporation or the law of the State of Minnesota.

ARTICLE 5. DIRECTORS

5.1 Number and Election. The affairs of the Foundation shall be managed by a Board of not less than three Directors. Subject to that limitation, the number of Directors, their qualifications and terms of office, the manner in which they are selected and may be removed from office, the rules and procedures regarding their meetings, and their powers and duties shall be as from time to time prescribed in the Bylaws of the Foundation.

5.2 Delegation. The Board of Directors may delegate all or any part of its power and authority to any Foundation committee in such a manner as may be prescribed by the Bylaws of the Foundation, insofar as is allowable by law.

ARTICLE 6. MEMBERS

The Foundation shall have members. The Board of Directors will serve as its members. The manner of election or appointment of members, and the qualifications and rights of members shall be as established in the Bylaws of the Foundation.

ARTICLE 7. LIMITATION OF DIRECTOR LIABILITY

To the full extent that the Minnesota Nonprofit Corporation Act, as it exists on the date hereof or may hereafter be amended, permits the limitation or elimination of the liability of Directors, a Director of this corporation shall not be liable to this corporation or its members for monetary damages for conduct as a Director. Any amendments to or repeal of this Article 7 shall not adversely affect any right or protection of a Director of this corporation for or with respect to any acts or omissions of such Director occurring prior to such amendment or repeal.

ARTICLE 8. INDEMNIFICATION

8.1 Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a Director or officer of the corporation or, that being or having been such a Director or officer or an employee of the corporation, he or she is or was serving at the request of the corporation as a Director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (hereinafter an "indemnitee"), whether the basis of a proceeding is alleged action in an official capacity as such a Director, officer, employee or agent or in any other capacity while serving as such a Director, officer, employee or agent, shall be indemnified and held harmless by the corporation to the full extent permitted by applicable law as then in effect, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts to be paid in settlement) actually and reasonably incurred or suffered by such indemnitee in connection therewith, and such indemnification shall continue as to an indemnitee who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators; provided, however, that no indemnification shall be provided to any such indemnitee if the corporation is prohibited by the nonexclusive provisions of the Minnesota Nonprofit Corporation Act or other applicable law as then in effect from paying such indemnification; and provided, further, that except as provided in subsection 8.2 of this Article with respect to proceedings seeking to enforce rights to indemnification, the corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) was authorized or ratified by the Board of Directors. The right to indemnification conferred in this subsection 8.1 shall be a contract right and shall include the right to be paid by the corporation the expenses incurred in defending any proceeding in advance of its final disposition (hereinafter an "advancement of expenses"). Any advancement of expenses shall be made only upon delivery to the corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such indemnitee is not entitled to be indemnified for such expenses under this subsection 8.1 and (1) upon delivery to the corporation

of a written affirmation (hereinafter an “affirmation”) by the indemnitee of his or her good faith belief that such indemnitee has met the standard of conduct necessary for indemnification by the corporation pursuant to this Article or (2) upon such determination (hereinafter a “determination”) as may be permitted or required by the Minnesota Nonprofit Corporation Act or other applicable law.

8.2. Right of Indemnitee to Bring Suit. If a claim under subsection 8.1 of this Article is not paid in full by the corporation within sixty days after a written claim has been received by the corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty days, the indemnitee may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim. If successful in whole or in part, in any such suit or in a suit brought by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall also be entitled to be paid the expense of prosecuting or defending such suit. The indemnitee shall be presumed to be entitled to indemnification under this Article upon submission of a written claim (and, in an action brought to enforce a claim for an advancement of expenses, where the required undertaking and affirmation of determination has been tendered to or made by the corporation) and thereafter the corporation shall have the burden of proof to overcome the presumption that the indemnitee is so entitled. Neither the failure of the corporation (including the Board of Directors, independent legal counsel or the members) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances nor an actual determination by the corporation (including the Board of Directors, independent legal counsel or the members) that the indemnitee is not entitled to indemnification shall be a defense to the suit or create a presumption that the indemnitee is not so entitled.

8.3. Nonexclusivity of Rights. The right to indemnification and the advancement of expenses conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation or Bylaws of the corporation, general or specific action of the Board of Directors, contract or otherwise.

8.4. Insurance, Contracts and Funding. The corporation may maintain insurance, at its expense, to protect itself and any Director, officer, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the Minnesota Nonprofit Corporation Act. The corporation may enter into contract with any Director, officer, employee or agent of the corporation in furtherance of the provisions of this Article and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article.

8.5. Indemnification of Employees and Agents of the Corporation. The corporation may, by action of the Board of Directors, grant rights to indemnification and advancement of expenses to employees and agents of the corporation with the same scope and effect as the provisions of this Article with respect to the indemnification and advancement of expenses of Directors and officers of the corporation or pursuant to rights granted pursuant to, or provided by, the Minnesota Nonprofit Corporation Act or otherwise.

ARTICLE 9. REGISTERED OFFICE AND AGENT

The address of the registered office of the Foundation is Office of University Advancement; Warren Street Center; Room 224; Mankato State University; Mankato, Minnesota 56002-8400, and the name of its registered agent is Ronald J. Korvas.

ARTICLE 10. CURRENT MEMBERS

The names, addresses and terms of office of the members of the Board of Directors at the time of adoption of these Amended and Restated Articles of Incorporation are as follows:

<u>Name</u>	<u>Address</u>	<u>Term/Expires</u>
*Diane F. Alm	45 McDonald Shores Road Dent, MN 56528	First/1997
Gerald Bambery	RR 1, Box 148 Madison Lake, MN 56063-9725	First/1996
Lou Bellamy	270 North Kent Street St. Paul, MN 55102	First/1998
William Bresnan	709 Westchester Avenue White Plains, NY 10604	First/1998
Brad J. Buscher	302 North Riverfront Drive Mankato, MN 56001	Second/1997
Thomas Conlin	1800 Piper Jaffray Tower 444 Cedar Street St. Paul, MN 55101	First/1998
Marcia K. Copeland	P.O. Box 1113 Minneapolis, MN 55440	Second/1996
Mark J. Davy	4500 Park Glen Road St. Louis Park, MN 55416	First/1997
Gerry Eick	P.O. Box 3166 Mankato, MN 56002-3166	Second/1996
Norb Harrington	P.O. Box 168 Mankato, MN 56002-0168	Second/1998

Patricia Johnson	900 Wilson Ridge, 9th Floor 7500 Flying Cloud Drive Eden Prairie, MN 55344-3758	First/1997
Wynn Kearney, Jr.	101 East Glencrest Drive Mankato, MN 56001-4396	First/1996
Ronald J. Korvas	MSU 106; P.O.Box 8400 Mankato, MN 56002-8400	Ex-Officio
Allen Lenzmeier	P.O. Box 9312 Minneapolis, MN 55440-9312	First/1996
Richard Lundin	P.O. Box 3069 Mankato, MN 56002-3069	First/1996
Margaret MacRae	4940 Dodd Road Eagan, MN 55123	First/1998
David Malmberg	10902 Mount Curve Road Eden Prairie, MN 55347-2910	First/1997
Lynn Nagorske	801 Marquette Avenue Minneapolis, MN 55402	First/1997
Gerald Olson	2070 Woodstone Drive Victoria, MN 55386-9642	Second/1998
Kenneth Pengelly	1680 Howard Drive North Mankato, MN 56003	Second/1996
Ann Quade	MSU 225; P.O. Box 8400 Mankato, MN 56002-8400	Second/1998
Phyllis Rivard	7701 York Avenue So, #210 Edina, MN 55435	Second/1998
Richard R. Rush	MSU 24; P.O. Box 8400 Mankato, MN 56002-8400	Ex-Officio
Larry Schnoor	107 Agency Road Mankato, MN 56001-5053	First/1996
Jerry Sedars	307 North Federal Mason City, IA 50401-3166	First/1996
Ray Tuomala	P.O. Box 4459 Mankato, MN 56002-4459	Second/1998

James H. Turk	P.O. Box 3049 Mankato, MN 56002-3049	First/1997
Anthony J. Ulmen	16 Heritage Drive, Apt. 32 Salem, MA 01970	First/1996
Marilyn Wells	260 Elmwood Avenue LeSueur, MN 56058	Ex-Officio


ARTICLE 11. AMENDMENTS TO ARTICLES OF INCORPORATION

The Foundation reserves the right to amend or repeal any of the provisions of these Articles of Incorporation by action of the Board of Directors and members of the Foundation in the manner provided for in Chapter 317, Minnesota Statutes, and acts amandatory thereof and supplemental thereto.

DATED: May 10, 1996

MANKATO STATE UNIVERSITY FOUNDATION, INC.

By 
As its President of the Board

By 
As its Secretary

Internal Revenue Service

Department of the Treasury

P. O. Box 2508
Cincinnati, OH 45201

Date: May 19, 2000

Minnesota State University Mankato Foundation Inc.
224 Alumni Foundation Center
Mankato, MN 56001

Person to Contact:

Ms. Smith #31-07262
Customer Service Representative

Toll Free Telephone Number:

8:00 a.m. to 9:30 p.m. EST
877-829-5500

Fax Number:

513-263-3756

Federal Identification Number:

41-6033423

Dear Sir or Madam:

This letter is in response to your correspondence dated February 14, 2000 requesting a name change and a copy of your organization's determination letter. This letter will take the place of the copy you requested.

Our records indicate that a determination letter issued in October 1959 granted your organization exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. That letter is still in effect.

Based on information subsequently submitted, we classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section 509(a)(1) and 170(b)(1)(A)(vi).

This classification was based on the assumption that your organization's operations would continue as stated in the application. If your organization's sources of support, or its character, method of operations, or purposes have changed, please let us know so we can consider the effect of the change on the exempt status and foundation status of your organization.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, only if its gross receipts each year are normally more than \$25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of \$20 a day, up to a maximum of \$10,000, when a return is filed late, unless there is reasonable cause for the delay.

All exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more paid to each employee during a calendar year. Your organization is not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, these organizations are not automatically exempt from other federal excise taxes.

Donors may deduct contributions to your organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Minnesota State University Mankato Foundation, Inc.
41-6033423

Your organization is not required to file federal income tax returns unless it is subject to the tax on unrelated business income under section 511 of the Code. If your organization is subject to this tax, it must file an income tax return on the Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your organization's present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

The law requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. You are also required to make available for public inspection a copy of your organization's exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. You can charge only a reasonable fee for reproduction and actual postage costs for the copied materials. The law does not require you to provide copies of public inspection documents that are widely available, such as by posting them on the Internet (World Wide Web). You may be liable for a penalty of \$20 a day for each day you do not make these documents available for public inspection (up to a maximum of \$10,000 in the case of an annual return).

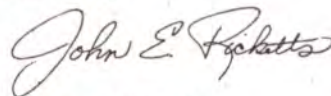
Because this letter could help resolve any questions about your organization's exempt status and foundation status, you should keep it with the organization's permanent records.

Please accept our apology for the delay in responding to your request and for any inconvenience this may have caused you or your organization.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

This letter affirms your organization's exempt status.

Sincerely,



John E. Ricketts
Director, TE/GE CAS



MINNESOTA STATE

STATE OF MINNESOTA

MINNESOTA STATE COLLEGES AND UNIVERSITIES

Minnesota State University, Mankato

AND

Minnesota State University, Mankato Foundation, Inc.

STANDARD CONTRACT AGREEMENT

This Agreement, entered into as of this June 28, 2024, by and between the State of Minnesota acting through its Board of Trustees of the Minnesota State Colleges and Universities ("System") on behalf of Minnesota State University, Mankato ("University") and the Minnesota State University, Mankato Foundation, Inc., a private, non-profit corporation 224 Alumni and Foundation Center, Mankato MN 56001 ("Foundation").

WHEREAS, the University relies on external funds to provide scholarships and support its public educational mission; and

WHEREAS, the Foundation is organized and incorporated for the purpose of supporting the University's public educational mission, including raising and managing voluntary private support from alumni, parents, friends, corporations, foundations, and others for the benefit of the University; and

WHEREAS, the Foundation is dedicated to assisting the University in the building of the endowment and in addressing, through financial support and scholarships, the long-term academic and other priorities of the University; and

WHEREAS, the Foundation is responsible for identifying, facilitating and nurturing relationships with potential donors and other friends of the University; soliciting cash, securities, real and intellectual property, and other private resources for the support of the University; and acknowledging and stewarding such gifts in accordance with applicable laws and regulations, donor intent and the Foundation's fiduciary responsibilities;

WHEREAS, the University is governed by Board Policy and System Procedure dealing with College, University and System Foundation relationships; and

WHEREAS, it is the intent of the parties that the legal separation between the University and the non-profit affiliated Foundation be maintained, and therefore it is essential that the respective roles and responsibilities of the University and the Foundation are clear.

NOW, THEREFORE, IT IS AGREED:

1. That the UNIVERSITY shall:

a. Provide an authorized representative for the University who is responsible for overseeing and evaluating this Agreement on a regular basis, and communicating the priorities and long term plans of the University to the Foundation. The authorized representative of the University shall be a University employee who has no direct responsibility for the Foundation and who provides no administrative support services to the Foundation. The authorized representative shall be designated by the President.

b. The authorized representative for the University for purposes of administration of this Agreement shall be:

Name: Edward Inch

Title: President

Address: 309 Wigley Administration Center, Minnesota State Mankato, Mankato MN 56001

Telephone: 507-389-1111

Email: Edward.inch@mnsu.edu

c. Employ, compensate, and evaluate all University employees assigned to Foundation to perform authorized administrative support related responsibilities, consistent with System Procedure 8.3.1 and Board Policy 8.3, Part 2, Subpart B.

i. Such employees shall remain employees of the State of Minnesota and subject to all rights and responsibilities of other state employees. The employees shall not be employed by or otherwise compensated by the Foundation.

ii. The University shall seek input from the Foundation's board when the University conducts performance evaluations of employees assigned to Foundation-related responsibilities.

Employees of the University are prohibited from:

- providing to the Foundation services that involve managerial, discretionary or policy-making responsibility;
- making investment policies or decisions on behalf of the Foundation;
- establishing Foundation board policy or budget directives;
- determining or authorizing awards or expenditures of Foundation resources;
- determining the scope and nature of Foundation fundraising campaigns;

- executing contracts on behalf of the Foundation;
- participating in Foundation governance, as provided in System Procedure 8.3.1.

Notwithstanding these limitations, the President of the University, or the President's designee, must serve as an ex-officio, non-voting member of the Foundation's governing board and of any executive or similar committee empowered to act for the governing board.

- d. Receive gift funds from the Foundation subject to any terms, conditions, or limitations imposed by the donor, by law, or pursuant to court order or other legal determination and communicated by the Foundation, to the extent that such terms, conditions, or limitations:
 - i. Are in the University's best interest, as determined by the University; or
 - ii. Do not violate applicable state or federal laws or subject the University to substantial risk of litigation that would exceed the benefits received by the funds, as determined by the University; or
 - iii. Do not violate the policies or procedures of the University.
- e. Reserve the right to refuse any funds or gifts from the Foundation.
- f. Make good faith efforts in appropriate circumstances as determined by the University to coordinate fundraising initiatives, including major gift solicitations, with the Foundation.
- g. Make good faith efforts to work in conjunction with the leadership of the Foundation board and the Foundation chief executive to identify, cultivate, and solicit prospects for private gifts.
- h. Grant to the Foundation a revocable, nonexclusive license and right to the use of the name, Minnesota State University, Mankato as part of the Foundation's name. The Foundation will operate under its own name, trademarks, and identifying marks and shall not use the University trademarks, mascots or other identifying marks in the promotion of its business and activities in a manner that is likely to confuse members of the public, including but not limited to donors. The Foundation shall seek review and written approval from the University before the Foundation's use of the University's name, trademarks, mascots or other identifying marks as mentioned in this provision.
- i. The University recognizes that the Foundation is a separate, legal entity with the authority to keep all Foundation records and data confidential to the extent provided by law. Nothing in this provision shall affect the access mandated by paragraph 6, d., i. of this agreement.

2. That the FOUNDATION shall:

- a. Comply with all applicable state and federal laws governing tax-exempt charitable organizations, including but not limited to maintaining its status under Internal Revenue Code § 501 (c)(3) and complying with the Minnesota Nonprofit Corporations Act, Minnesota Statutes Chapter 317A.
- b. Return annually to the University or its students an amount, at a minimum, sufficient to cover the return of value ratio established and agreed to by the Chancellor and the University president. The University president or designee shall consult with the Foundation about the return of value ratio before the president consults with the Chancellor.
- c. Maintain current account contracts and/or memorandum of agreements to govern the management, investment and distribution of all funds contributed to the Foundation.
- d. Raise, manage, distribute, and steward private resources to support the various missions and goals of the University.
- e. Control and manage all assets of the Foundation, including the prudent management of all gifts consistent with donor intent, applicable laws, and best practices.
- f. Oversee all aspects of its operations based on a comprehensive set of bylaws that clearly address the Foundation board's fiduciary responsibilities, including expectations of individual board members based upon ethical guidelines and policies, as well as applicable laws.
- g. Be solely responsible for the employment, compensation, and evaluation of all employees employed directly by the Foundation. The Foundation shall seek input from the University when the Foundation conducts performance evaluations of its employees.
- h. Pay all direct expenses associated with its activities, including those functions performed by University employees on behalf of the Foundation and employee expenses, if any. This includes, but is not limited to, all Foundation expenses related to board activities, the annual audit, accounting costs not covered by this contract, investment and bank fees, and the printing of letterhead, receipts, Foundation publications and materials, and Foundation postage and copying.
- i. Not reimburse a University employee for any type of expense eligible for reimbursement under the employee's personnel plan or bargaining agreement. Such expenses shall be the exclusive responsibility of the University.

University employees shall not be paid or reimbursed by the Foundation for any expense or receive other benefits from the Foundation that would constitute taxable income to the employee under IRS regulations or additional compensation under state law. University employees may not receive reimbursement or other benefit that create a

conflict of interest or compensation from an outside source prohibited by Minnesota Statutes § 43A.38 or other law, rule or policy.

The Foundation may directly reimburse University employees for other Foundation-related expenses if:

- i. the type of expense incurred is not eligible for reimbursement under the applicable employee's personnel plan or bargaining agreement; and
 - ii. the Foundation has in place policies governing authorized expenses eligible for reimbursement.
- j. Implement and enforce policies that prohibit University employees from serving as voting members or directors of the Foundation's board, except as provided in the System Procedure 8.3.1, Part 3, Subpart C.
 - k. Provide an authorized representative who is responsible for overseeing and evaluating this Agreement on a regular basis, and communicating with the University. The Foundation's authorized representative shall not be a state employee who works for the Minnesota State Colleges and Universities system or its constituent institutions.
 - l. The Foundation's authorized representative for purposes of administration of this Agreement shall be:

Name: James Lund
Title: Foundation Board Chair
Address: 11745 Bass Lake Road, Plymouth, MN 55442
Telephone: 612-860-2920
Email: jim@northrockpartners.com

- m. Maintain separate bank accounts and letterhead from the University.

3. That the FOUNDATION shall with respect to Fundraising:

- a. Create an environment conducive to increasing levels of private support for the mission and priorities of the University.
- b. Plan and execute, in consultation with the University or designee, comprehensive fundraising and donor-acquisition programs in support of the University's mission. These programs may include, but are not limited to, annual giving, major gifts, planned gifts, special projects, and campaigns.
- c. Establish, adhere to, and periodically assess its gift-management and acceptance policies. The Foundation will promptly acknowledge and issue receipts for all gifts on behalf of the Foundation and the University and provide appropriate recognition and stewardship of such gifts.

- d. Not accept grants from state or federal agencies, except in special circumstances that are approved by the Foundation board of directors and the governmental agency.
 - e. Clearly represent and document the purposes and uses of funds expended on behalf of the University and its students, and take necessary and appropriate actions to avoid confusing the general public and donors.
4. That the FOUNDATION shall with respect to Asset Management:
- a. Establish asset-allocation, disbursement, and spending policies that adhere to applicable federal and state laws, including the uniform Prudent Investor Act (UPIA), Minn. Statutes § 501B.151, and the Uniform Prudent Management of Institutional Funds Act (UPMIFA), Minn. Statutes § 309.73- Minn. Stat. § 309.77.
 - b. Receive, hold, manage, invest, and disburse contributions of cash, securities, real estate, patents, copyrights, and other forms of property, including immediately vesting gifts and deferred gifts that are contributed in the form of planned and deferred-gift instruments.
 - c. Use only contributed funds to cover fundraising costs, administrative costs, scholarships, or priority University activities. Funds may be retained and invested for the eventual benefit of the University.
 - d. Engage an independent accounting firm annually to conduct an audit of the Foundation's financial and operational records and provide the University with a copy of audited financial statements, including management letter, Internal Revenue Service Form 990, as described below:

The Foundation annually shall submit an external audited financial report. Copies of the required report shall be submitted as required under System Procedure 8.3.1, Part 4, Subpart C. The Foundation must submit the audited financial report within three months of the close of the Foundation's fiscal year to the University's authorized representative and the System Office. Any other filing schedule requires prior written authorization from the System Office. Financial statements filed shall include any management letter received by the Foundation, the completed Internal Revenue Service Form 990 as submitted, and 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 that includes its explanation for accepting the risks associated with the weakness or its plans to implement corrective action.

Unless the University notifies the Foundation in writing that the Chancellor notified the University president in writing of a different reporting deadline, the Foundation shall file the reports required under Board Policy 8.3, Part 4, Subpart D with the University's

authorized representative and the System Office with three months of the close of the Foundation's fiscal year.

5. That the FOUNDATION shall with respect to Transfer of Funds:

- a. Serve as the primary and preferred depository of private gifts and transfer funds to the designated entity within the University in compliance with applicable laws, University policies, Board of Trustees policies, Foundation board policies and gift agreements.
- b. Disburse moneys on behalf of the University only for reasonable business expenses that support the institution, are consistent with donor intent, and do not conflict with the law.
- c. Disclose any terms, conditions, or limitations imposed by donor or legal determination on the gift when distributing gift funds to the University.

6. That the FOUNDATION shall with respect to Funding and Administration:

- a. Clearly document the purposes and uses of funds expended on behalf of the University.
- b. Submit the Expense Benefit Projection Report to the University. Only those support services allowed by Board Policy 8.3 and System Procedure 8.3.1, Part 3 are permitted. The Expense Benefit Projection Report must be submitted by July 31 of each year.
- c. Maintain, at its own expense, copies of the plans, budgets, donor records, and current account contracts that specify the management, investment and distribution of all funds contributed to the Foundation; and other documents, data or records developed in connection with the performance of its obligations and activities.
- d. Provide:
 - i. Access to financial records of the Foundation, including but not limited to account contracts, books, records, documents, accounting procedures, and auditor working papers for review by the Office of Legislative Auditor and Minnesota State Colleges and Universities.
 - ii. Copies of its most recent financial report and each subsequent report filed with the Minnesota Attorney General's Office pursuant to Minnesota Statutes Chapter 309 to the University's authorized representative and the System Office.
 - iii. Copies of its annual report, and other information that may be publicly released, to the University;
 - iv. By October 31st of each year, a written report to the University about its annual gifts and grants, including fundraising activities, amounts contributed and sources of donations.

- v. Copies of any revised Foundation bylaws, articles of incorporation, and/or IRS 501(c)(3) tax exempt status letters within three months of any change.
- vi. Copies of any written communication from an independent auditor that discloses any material weakness in internal controls together with a copy of the Foundation's written response explaining its reasons for accepting the risks associated with the weakness or its plan to implement corrective action.

7. Mutual Responsibilities

Annually the University and Foundation shall file/submit to the System Office the Return on Investment (ROI) Report, due January 15th of each year. The University shall reflect all expenses, any administrative services and the consideration paid for such services, and/or any other indirect costs or items provided by the University to the Foundation.

The Foundation shall provide an itemization of all direct and/or indirect benefits or gifts returned or provided to the University. The University's and Foundation's authorized representatives are required to sign the Return on Investment (ROI) Report. If the ROI report shows that the Foundation has not returned an amount sufficient to comply with Paragraph II, B and Board Policy 8.3, Part 4, Subpart A, and the Foundation has not received a waiver pursuant to System Procedure 8.3.2, then the University must reduce the administrative support provided to the Foundation to an amount that brings the institution into compliance with Board Policy 8.3, Part 4, Subpart A.

8. Terms of Agreement

The term of this Agreement shall be from July 1, 2024 to June 30, 2027, a period not to exceed three years

9. Liability

Each party shall be responsible for its own acts and behavior and the results thereof. The University's liability is governed by the Minnesota Tort Claims Act, Minn. Statutes § 3.736 and other applicable law.

10. Termination

- a. Either party may terminate this Agreement (1) without cause upon written notice of not less than sixty (60) days to the other party, or (2) with cause immediately upon written notice to the other party.
- b. The Foundation must immediately notify the University and the System Office if the Foundation dissolves, ceases to exist or ceases to qualify as a tax-exempt organization under Internal Revenue Code section 501 (c)(3). Consistent with provisions of the Foundation's bylaws and articles of incorporation, if the Foundation dissolves, ceases to

exist or ceases to qualify as a tax-exempt organization under Internal Revenue Code section 501 (c)(3), the Foundation will transfer its assets and property to one of the following in accordance with applicable law and donor intent to:

- i. The University;
- ii. The Minnesota State Colleges and Universities system;
- iii. A reincorporated successor foundation recognized by the University as its college or university foundation according to Board of Trustees Policies and Procedures; or

If none of the previous three options are available and the Minnesota State Colleges and Universities system no longer exists, then to the State of Minnesota to be used for purposes related to public post-secondary education.

11. Assignments and Amendments

The Foundation shall neither assign nor transfer any rights or responsibilities under this Agreement without the prior written consent of the University. Any such assignment or transfer without the prior written consent of the University shall make this Agreement void at the option of the University. Any amendments to this Agreement shall be in writing.

The rest of this page intentionally left blank. Signature page to follow.

IN WITNESS WHEREOF, the parties have caused the AGREEMENT to be duly executed intended to be bound thereby.

UNIVERSITY

DocuSigned by:
BY: Edward S. Inch / sls, President
A3D49D59B65E4AB...

DATE: 6/28/2024 | 1:55 PM PDT

FOUNDATION

DocuSigned by:
BY: Jim Lund, Chair
4DA4FF5C69B94A...

DATE: 6/28/2024 | 12:43 PM EDT

AS TO FORM AND EXECUTION

BY: Melitta Drechsler, Assistant General Counsel
Minnesota State Colleges and Universities
System Office

DATE: 7/1/24



A GUIDE TO MINNESOTA'S CHARITIES LAWS

FROM THE OFFICE OF
MINNESOTA ATTORNEY GENERAL
KEITH ELLISON

www.ag.state.mn.us

This brochure is intended to be used as a source for general information and is not provided as legal advice.
A Guide to Minnesota's Charities Laws is written and published by the Minnesota Attorney General's Office.

This document is available in alternative formats to individuals with disabilities by calling
(651) 296-3353 (Twin Cities Calling Area), (800) 657-3787 (Outside the Twin Cities),
or through the Minnesota Relay Service at (800) 627-3529.

The Minnesota Attorney General's Office values diversity and is an equal opportunity employer.

Office of Minnesota Attorney General Keith Ellison

445 Minnesota Street, Suite 1400, St. Paul, MN 55101

(651) 296-3353 (Twin Cities Calling Area)

(800) 657-3787 (Outside the Twin Cities)

(800) 627-3529 (Minnesota Relay)

www.ag.state.mn.us

TABLE OF CONTENTS

TABLE OF CONTENTS

I.	INTRODUCTION.....	3
II.	LAWS THAT GOVERN CHARITABLE ORGANIZATIONS	3
	Charitable Organizations are Required to Register.....	3
	Key Definitions—Charitable Organization, Contribution, and Solicit	4
	Certain Charitable Organizations are Exempt from Registration	4
	Determining Total Contributions.....	6
	Initial Registration Requirements for Charitable Organizations.....	6
	Annual Reporting Requirements for Charitable Organizations	7
	Disclosure Requirements for Charitable Organizations.....	9
	Other Requirements of the Charitable Solicitation Act.....	10
III.	LAWS THAT GOVERN PROFESSIONAL FUNDRAISERS.....	10
	Definition of Professional Fundraiser	10
	Registration and Annual Reporting by Professional Fundraisers	11
	Disclosure Requirements for Soliciting Professional Fundraisers.....	12
	Other Minnesota Laws That May Apply to Professional Fundraisers	12
IV.	LAWS THAT GOVERN CHARITABLE TRUSTS.....	13
	Definition of a Charitable Trust.....	13
	Registration of Charitable Trusts and Exemptions From Registering	13
	Charitable Trust Annual Filing Requirements.....	14
	Breach of Trust.....	14
	Soliciting Charity V. Charitable Trust	15
V.	MINNESOTA-ORGANIZED NONPROFITS AND CHARITABLE GAMBLING	15
VI.	WHEN NONPROFITS MUST PROVIDE NOTICE TO THE ATTORNEY GENERAL	16
	Prior Notice of Matters Involving Charitable Trusts.....	16
	Prior Notice of Probate Matters Involving Charitable Bequests or Devises....	17
	Prior Notice of a Minnesota Nonprofit’s Intent to Dissolve, Merge, Consolidate, Convert, or Transfer Assets.....	17
	Notice Under UPMIFA.....	17

VII. UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT..... 18
Key Definitions 18
Managing Institutional Funds 18
Modifying Institutional Fund Restrictions 18

APPENDIX 19

I. INTRODUCTION

Charitable organizations, professional fundraisers, and charitable trusts are subject to regulation under the Charitable Solicitation Act, Minn. Stat. §§ 309.50-.61 (2017), and the Supervision of Charitable Trusts and Trustees Act, Minn. Stat. §§ 501B.33-.45 (2017). Minnesota-organized nonprofits are also governed by the Nonprofit Corporation Act, Minn. Stat. ch. 317A (2017), or equivalent statutes if the organization is a nonprofit limited liability company, Minn. Stat. § 322B.975 (2017).

This guide discusses parts of these and other statutes, including laws that require certain organizations to register with and provide notice to the Minnesota Attorney General’s Office. This guide is a summary of selected portions of these laws and is not comprehensive. It is the text of the laws discussed in this guide that governs, not the guide itself. Other state and federal statutes and regulations may also apply to a particular charitable organization, professional fundraiser, or charitable trust. An organization seeking legal advice about how the laws discussed in this guide apply to its activities should refer to the statutes themselves and consult a private attorney.

All forms referenced in this guide that charitable organizations, professional fundraisers, charitable trusts, and other nonprofits must file with the Attorney General’s Office are available on the Office’s website, www.ag.state.mn.us.

II. LAWS THAT GOVERN CHARITABLE ORGANIZATIONS

The Charitable Solicitation Act, Minnesota Statutes sections 309.50-.61, governs the activities of charitable organizations that solicit cash and non-cash donations in Minnesota. The Act provides for registration, annual reporting, and supervision by the Attorney General’s Office of charitable organizations, as well as any professional fundraisers that they may hire to solicit donations on their behalves. The Act helps ensure that organizations that solicit charitable contributions are accountable to the public and properly administer, manage, and use the donations that they receive. The Charitable Solicitation Act further states the documents that charities and their fundraisers file with the Attorney General’s Office are public.¹ The public nature of these documents assists donors in making informed decisions about how to give, protects against deceptive practices and other fraud, and ensures that assets held for charitable purposes are properly administered and utilized.

CHARITABLE ORGANIZATIONS ARE REQUIRED TO REGISTER

Unless exempt, a “charitable organization” must register and file certain documents with the Attorney General’s Office before it is permitted to “solicit” any “contributions” in Minnesota.²

KEY DEFINITIONS—CHARITABLE ORGANIZATION, CONTRIBUTION, AND SOLICIT

“CHARITABLE ORGANIZATION”

Under Minnesota law, a “charitable organization” is any person, including a corporation or other entity, that solicits for any charitable, philanthropic, educational, religious, cultural, or similar public interest purpose.³ Organizations that are tax exempt under section 501(c)(3) of the Internal Revenue Code are likely charitable organizations under Minnesota law. Organizations that are tax exempt under a different subpart of section 501(c), or that are not tax exempt at all, may also still be charitable organizations, depending on the circumstances. For example, a civic league, a lobbying group, fraternal society, or chamber of commerce could be a charitable organization if it solicits contributions for a charitable purpose. Organizations whose primary purpose is to support or oppose a candidate for public office are not considered charitable organizations. For the purposes of this guide, the term “charity” is used interchangeably with “charitable organization.”

“CONTRIBUTION”

Under Minnesota law, a “contribution” is a gift of—or a promise to give in the future—anything of value to a charity.⁴ Contributions include not only money donations, but donations of non-cash items as well. Examples of common non-cash contributions to charities include cars, clothing, and other household goods. The term contribution also includes payments for merchandise or advertising if representations are made that any part of the price paid will be applied to a charitable purpose. See the section entitled “Determining Total Contributions” on page six for more information about how to calculate the total value of the contributions that a charity has received during the year (and an important exception when doing so). For the purposes of this guide, the term “donation” is used interchangeably with “contribution.”

“SOLICIT/SOLICITATION”

Under Minnesota law, “solicit” and “solicitation” are defined very broadly to mean any request, whether direct or indirect, for a contribution in connection with a claim that the contribution will be used for a charitable purpose.⁵ Mailings and flyers, written ads, and TV and radio ads requesting a donation are considered solicitations. The same is true for in-person and telephone requests for donations. Even a request to attend a concert, sporting, or similar event—or to buy a particular product or item—is considered a solicitation when made in connection with the claim that a portion of the price paid will be used for a charitable purpose.

CERTAIN CHARITABLE ORGANIZATIONS ARE EXEMPT FROM REGISTRATION

The registration requirements of the Charitable Solicitation Act generally apply to all charitable organizations.⁶ But the Act exempts certain types of organizations from registration.⁷

Charities that claim they are exempt from registering under the Charitable Solicitation Act should still be aware of three important points:

- Charities claiming to be exempt from registration must still file a Charitable Organization Exemption Form with the Attorney General’s Office.
- Some charities that are exempt from registering under the Charitable Solicitation Act but are tax-exempt under section 501(c) of the Internal Revenue Code may still need to register as charitable trusts under the Supervision of Charitable Trusts and Trustees Act, Minn. Stat. §§ 501B.33-.45. Please see the section

entitled “Laws that Govern Charitable Trusts” on page 13 of this publication, which discusses regulation of charitable trusts, for more information.

- Parts of the Charitable Solicitation Act prohibiting certain practices and mandating certain disclosures when soliciting donations apply to all charities, regardless of whether or not they are required to register.⁸

The following types of charities are exempt from registration under the Charitable Solicitation Act:

DE MINIMIS EXEMPTION

A charity is exempt from registration if:

1. it did not receive contributions totaling more than \$25,000 during the prior accounting year and it does not plan to receive contributions totaling more than \$25,000 during the upcoming year;
2. it does not utilize a professional fundraiser; and
3. its “functions and activities” are performed wholly by unpaid persons.⁹

See the section entitled “Determining Total Contributions” on page 6 of this publication for more information on how to calculate the total amount of contributions a charity has received for purposes of this exemption.

If a charity pays persons to perform services related to its “functions and activities” (i.e., services related to its governance or administration, fundraising, solicitation of contributions, representations to donors, etc.), it must register. If a charity does not pay any staff—or only pays persons for services unrelated to the performance of its functions or activities—then the charity need not register if it also satisfies the other criteria for the de minimis exemption.

- **Example 1**—A charity that only pays someone to clean its offices, clear its parking lot of snow, or operate a server that hosts its website does not pay a person engaged in performing the organization’s functions or activities.
- **Example 2**—By contrast, a charity paying a person to act as a board member or officer, to oversee or provide its charitable programming, to assist or consult in creating its solicitations, website content, or publications providing information to donors, or to engage in other similar or equivalent conduct does pay a person who performs the organization’s functions and activities.

Charities should be aware that, under this exemption, an organization that utilizes a professional fundraiser or that has paid staff performing its functions and activities is not exempt even though the charity did not receive \$25,000 in contributions during the prior year. The \$25,000 ceiling to qualify for this exemption includes donations from all sources, not merely donations received from Minnesota sources. For example, if a charity solicited \$20,000 in donations in Wisconsin and \$10,000 in donations in Minnesota it would not qualify for this exemption because total contributions exceeded \$25,000.

RELIGIOUS INSTITUTION EXEMPTION

Religious institutions that do not need to file a Form 990 federal tax return because they meet certain filing exceptions contained in portions of the Internal Revenue Code are exempt from registering.¹⁰

EDUCATIONAL INSTITUTION EXEMPTION

Certain types of educational institutions are exempt from registering.¹¹

MEMBERSHIP EXEMPTION

A charity that solicits donations only from persons who have a right to vote as a member of the organization are exempt from registering.¹² Examples may include fraternal, alumni, trade, or professional associations.

NAMED BENEFICIARY EXEMPTION

An organization that solicits donations is exempt from registering if:

1. the donations are for a person identified by name in the solicitation; and
2. the entirety of the donations are transferred to the person with no deductions; and
3. there is no restriction on how the donations are to be used.¹³

Examples may include a named person who has a medical condition or a named family who lost their home in a disaster.

PRIVATE FOUNDATION EXEMPTION

Private foundations that did not solicit contributions from more than 100 persons during the previous year are exempt from registering.¹⁴

DETERMINING TOTAL CONTRIBUTIONS

CASH CONTRIBUTIONS

As discussed above, charities receiving less than \$25,000 in total contributions may be exempt from registering with the Attorney General's Office. Money donations are the most common type of contribution, and are easy to value. Contributions to a charity from corporations and foundations, and those that are received as part of combined appeals (e.g., appeals conducted by a charitable federation), should be counted in calculating total donations. An important exception is grants received from government agencies. Government grants are excluded from the definition of "contribution,"¹⁵ and do not need to be included when determining whether a charity exceeds the \$25,000 registration threshold. The exception for government grants applies only to the process of calculating total contributions for the purposes of determining whether an organization should register with the Attorney General's Office. A charity must still, for example, report government grants as revenue on its tax return and in satisfying other reporting requirements.

NON-CASH CONTRIBUTIONS

Charities should value non-cash contributions they receive in accordance with generally accepted accounting principles ("GAAP"), unless applicable law requires them to value non-cash contributions differently. If a charity is offering goods and services to the public, Minnesota law states that the value of the contributions received is the difference between the cost to the charity of the goods and services and the price that the charity (or any person acting on its behalf) resells the goods and services.¹⁶

INITIAL REGISTRATION REQUIREMENTS FOR CHARITABLE ORGANIZATIONS

A charity that must register with the Attorney General's Office is required to file an initial registration statement on a form provided by the Office.¹⁷

Charities must attach a number of different documents when submitting their initial registration statement. The materials that must accompany the statement include the following:¹⁸

- Copies of all contracts between the charity and any professional fundraiser. If a charity enters into a contract with a professional fundraiser for the fundraiser to solicit in Minnesota after registering, a copy of the contract must be filed within seven days.
- A financial statement for the charity for the prior 12 months. See the next section of this publication discussing annual reporting for additional guidance on the nature and type of financial statement that a charity must submit, which varies by organization.
- A \$25 registration fee payable to the “State of Minnesota.” This fee may be paid electronically with a credit or debit card using the Attorney General’s Office’s website, or by check through the mail.

The statement must be executed pursuant to resolution of the charity’s board of directors and signed by two of its officers.¹⁹ A parent charitable organization supervising and controlling a subsidiary chapter, branch, or similarly affiliated charity may file an initial registration statement on behalf of the subsidiary.²⁰

ANNUAL REPORTING REQUIREMENTS FOR CHARITABLE ORGANIZATIONS

Charitable organizations that want to maintain their registration must file an annual report form and certain accompanying materials, and pay a fee, every year.²¹

CONTENTS OF ANNUAL REPORT

The contents of the annual report that charities must file with the Attorney General’s Office include the following documents:

1. Annual Report Form

A charity’s annual report form provides information to the public and the Attorney General’s Office about its operations, finances, and activities over the prior year. Charities must fully, accurately, and truthfully answer all questions contained in the form. It must be executed pursuant to a resolution of the charitable organization’s board of directors and signed by two of its officers.²²

Part of this annual report form requires charities to identify their five highest paid directors, officers, and employees if such persons receive total compensation of more than \$100,000 from the charity or from any related organization, when aggregated.²³ The term “related organization” is defined by Minnesota Statutes section 317A.011, subdivision 18, which charities should consult when completing this part of the form. This requirement applies to persons who are directors, officers, and employees of the reporting charity, but does not require highly paid employees of a related organization to be listed if they are not also a director, officer, or employee of the reporting charitable organization.

- **Example 1**—ABC Charity is affiliated with a related organization, ABC Corporation. ABC Charity’s highest paid persons are five of its officers, who are paid \$50,000 each. These same five persons are also employed by ABC Corporation, which pays them another \$150,000 each. ABC Charity would identify these officers on its annual report form and list the total compensation for each of them as \$200,000.
- **Example 2**—Same ABC Charity, ABC Corporation, and compensation as in Example 1. ABC Corporation also employs five other persons that are not directors, officers, or employees of ABC Charity and pays these five persons \$250,000 each. ABC Charity would not report these persons on its annual report form because they are not directors, officers, or employees of the charity.

2. IRS Tax or Information Return

If a charity files a federal tax or information return with the IRS, it must also file a copy of the return with the Attorney General's Office. The most common type of tax return that charities file is Form 990, with the others being Form 990-EZ, 990-N, and 990-PF. A charity must include all schedules that it submitted with its tax return when filing a copy of the return with the Attorney General's Office, except for a schedule of the charity's contributors.²⁴

- Charities that file Form 990-EZ, 990-PF, or 990-N with the IRS instead of Form 990 should file a copy of these forms with the Attorney General's Office as well.
- Charities that properly file a copy of their tax return with the Attorney General's Office as part of their annual reporting are not required to file another copy of the tax return with the Minnesota Department of Revenue.

3. Financial Statement

A charity must include with its annual report a financial statement covering its most recent fiscal year. The statement must be prepared in accordance with GAAP, and must contain a balance sheet, a statement of income and expenses, and a statement of functional expenses. It must further identify the portion of the charity's revenue that the organization allocated towards management and general expenses, program services, and fundraising.²⁵ Financial statements that do not comply with GAAP, which include those prepared on a cash basis, do not meet the requirements of the Charitable Solicitation Act and may result in a charity's registration falling into default.

The specific type of financial statement a charity must provide to the Attorney General's Office—and whether the organization is permitted to treat its federal tax return as its financial statement—varies depending on the amount and nature of the charity's revenue and the type of tax return that it filed, as follows:

- **Charities With More Than \$750,000 in Revenue.** A charity with more than \$750,000 in revenue must file an audited financial statement prepared in accordance with GAAP that has been examined by an independent certified public accountant for the purposes of expressing an opinion.²⁶ A charity with more than \$750,000 in revenue may not treat its federal tax return as its audited financial statement.²⁷
 - A charity that is a food shelf need not include the value of donated food in determining whether it has \$750,000 in revenue if the food is not resold and is redistributed at no charge.²⁸
- **Charities With Less Than \$750,000 in Revenue that File Form 990.** A charity with less than \$750,000 in revenue does not need to file an audited financial statement. If the charity files a Form 990 with the IRS, the charity may also treat its Form 990 as its financial statement if the Form 990 was prepared in accordance with GAAP.²⁹ If the charity's Form 990 was not prepared in accordance with GAAP, the charity must complete the financial section portion of the annual report form that it files with the Attorney General's Office.
- **Charities With Less Than \$750,000 in Revenue that Do Not File Form 990.** A charity with less than \$750,000 in revenue does not need to file an audited financial statement. If the charity files Form 990-EZ, 990-N, or 990-PF, the charity must complete the financial section portion of the annual report form that it files with the Attorney General's Office and may not treat its tax return as its financial statement.³⁰

4. Annual Fee

A charity must pay a \$25 fee payable to the "State of Minnesota" when it submits its annual report. This fee may be paid electronically with a credit or debit card using the Attorney General's Office's website, or by check through the mail.

PARENT-AFFILIATE FILING

If a parent charity is registered with the Attorney General’s Office, it may file the annual report on behalf of any subsidiary chapter, branch, or similar affiliate charitable organization. If a parent organization files annual reports on behalf of one or more of its subsidiaries, the accounting information for each subsidiary that raises or expends more than \$25,000 may not be consolidated and must be set forth separately.³¹

DUE DATES AND EXTENSION REQUESTS

A charity’s annual report is due on or before the fifteenth day of the seventh month after the close of the organization’s fiscal year.³² For example, if an organization’s fiscal year end is December 31, its annual report is due on July 15. Charities may request an extension of the due date to file their annual report of up to four months.³³ The easiest way to request an extension is electronically through the Attorney General’s Office’s website, *www.ag.state.mn.us*. Charities may also request an extension by mail. An Appendix is attached to this publication reflecting the due dates for annual reports for common fiscal year-end dates.

EFFECT OF FAILURE TO TIMELY FILE

A charity’s registration ends on the day after it should have—but failed to—file its annual report.³⁴ A charity whose registration is in default is not eligible to re-register until it has properly filed all past due annual report(s).³⁵ In addition to the usual \$25 fee, charities that file their annual report late must submit a \$50 late fee.³⁶

DISCLOSURE REQUIREMENTS FOR CHARITABLE ORGANIZATIONS

Minnesota law requires charitable organizations to make certain disclosures to prospective donors when requesting a contribution.³⁷ These disclosures include notice of any professional fundraisers the charity is using, and providing prospective donors with basic information about the charity that may be helpful in deciding whether or not to contribute. The disclosures must be made by all charities soliciting donations, even if the charity is exempt from registering with the Attorney General’s Office.

Prior to orally requesting a donation, or contemporaneously with a written request for a donation, a charity must clearly disclose the following information:³⁸

1. the name of the charity;
2. the location of the charity by city and state;
3. the tax deductibility of the donation; and
4. a description of the charitable program for which the solicitation campaign is being carried out; and, if different, a description of the charitable programming of the charity on whose behalf the solicitation campaign is being carried out.

If the solicitation is made by direct personal contact, this information must be disclosed prominently on a written document shown to the person being solicited. If the solicitor is requesting a donation to more than one charity, this information must be given for all charities for which a donation is being sought.³⁹

If a charity is using a professional fundraiser to solicit on its behalf, the professional fundraiser must disclose all of the above information and, in addition, disclose the name of the professional fundraiser as on file with the Attorney General’s Office and that the solicitation is being made by a “professional fundraiser.” These disclosures must be made in the same manner as discussed above.⁴⁰

OTHER REQUIREMENTS OF THE CHARITABLE SOLICITATION ACT

The Charitable Solicitation Act places various other requirements on charities that solicit donations in Minnesota. For example, it is unlawful for charities to engage in fraudulent, deceptive, or misleading practices in connection with any charitable solicitation, to use the name of others without written consent when soliciting, or to represent that their registration constitutes an endorsement by the State.⁴¹ Charities must also maintain accurate and detailed books and records for a minimum of three years, which are open to the Attorney General’s Office for inspection.⁴²

III. LAWS THAT GOVERN PROFESSIONAL FUNDRAISERS

The Charitable Solicitation Act, Minn. Stat. §§ 309.50-.61, regulates “professional fundraisers” in addition to charitable organizations. Professional fundraisers are persons and businesses who charities hire to solicit donations on their behalf, or who advise, consult, or otherwise assist the charity in soliciting donations. Like charities, professional fundraisers are also required to register with the Attorney General’s Office.

DEFINITION OF PROFESSIONAL FUNDRAISER

Minnesota law broadly defines the term “professional fundraiser” to include any person (including a corporation or other artificial entity) who, for compensation or profit, engages in either of the following types of activities:⁴³

1. Soliciting donations for a charity, or performing for a charity any service in connection with which donations are solicited by the compensated person or by any compensated individual that the person employs to solicit; or
2. Planning, managing, advising, consulting, or preparing material for—or with respect to—another person’s solicitation of donations in Minnesota.

The first type of professional fundraiser is commonly referred to as a “soliciting” professional fundraiser. The second type is commonly referred to as a “consulting” professional fundraiser.

Bona fide employees or volunteers of the charitable organization are not considered professional fundraisers even if they solicit donations for the charity.⁴⁴ Certain licensed professionals—including lawyers, investment advisers and broker-dealers, accountants, and bankers—are not considered professional fundraisers merely because they advise a person to make a donation or provide professional services to a charity.⁴⁵ Auctioneers who do not have access to the proceeds of the auction are also not considered professional fundraisers.⁴⁶

REGISTRATION AND ANNUAL REPORTING BY PROFESSIONAL FUNDRAISERS

Professional fundraisers are required to register with the Attorney General’s Office. A professional fundraiser’s registration expires each year, and must be renewed annually by May 1.⁴⁷

The registration materials a professional fundraiser must file—both when initially registering and when re-registering annually—differ depending on whether it is a “soliciting” professional fundraiser or a “consulting” professional fundraiser. The difference between “soliciting” and “consulting” professional fundraisers is discussed above.

MATERIALS ALL PROFESSIONAL FUNDRAISERS MUST FILE

All professional fundraisers must file the following materials when registering for the first time, and when re-registering annually:

1. Registration Statement

The registration statement is a form provided by the Attorney General’s Office that must be fully, accurately, and truthfully completed.

2. Written Contract With Charity

All professional fundraisers, regardless of whether or not they solicit, must have a written contract with each charity to which they provide any type of goods or services. Each contract between a charity and a professional fundraiser must contain the following information:

- (a) a detailed description of the goods and services the professional fundraiser will be providing to the charity;
- (b) identify whether the professional fundraiser will at any time have custody of, or access to, donations made to the charity;
- (c) if the professional fundraiser is a soliciting professional fundraiser, the contract must also disclose the percentage or a reasonable estimate of the percentage of the total amount solicited that will be remitted to the charity and retained by the professional fundraiser; and
- (d) be signed by two officers of the charity.

3. Registration Fee

A registration fee of \$200 payable to the “State of Minnesota.” This fee may be paid electronically with a credit or debit card using the Attorney General’s Office’s website, or by check through the mail.

4. Bond

A professional fundraiser must file a bond of \$20,000 if it will at any time have custody of, or access to, donations made to the charity. The Attorney General’s Office provides forms on its website for use in satisfying these bonding requirements for professional fundraisers that must file a bond.

ADDITIONAL MATERIALS “SOLICITING” PROFESSIONAL FUNDRAISERS MUST FILE

In addition to the above materials, soliciting professional fundraisers must also file the following materials when registering for the first time and when re-registering annually:

5. Solicitation Notice

The solicitation notice is a form provided by the Attorney General’s Office that contains information about the professional fundraiser’s solicitation activities on behalf of a particular charitable organization. The charity on whose behalf the professional fundraiser is acting must certify that the solicitation notice and accompanying material are true and complete.

- A professional fundraiser soliciting for more than one charity must file a solicitation notice for each charity on whose behalf it is soliciting.
- The requirement to file a solicitation notice is not limited to professional fundraisers who have custody of, or access to, donations.

6. Solicitation Campaign Financial Report

A solicitation campaign financial report is a form provided by the Attorney General’s Office. Professional fundraisers must file a solicitation campaign financial report for every charity for which they solicited in Minnesota during the previous year. The report must be filed within 90 days after the completion of a campaign, and within 90 days following the anniversary of the commencement of a campaign lasting more than one year. The truthfulness and accuracy of each campaign financial report must be certified, under oath, by both the professional fundraiser and the charity.

- The requirement to file a solicitation campaign financial report is not limited to professional fundraisers who have custody of, or access to, donations.

EFFECT OF FAILURE TO TIMELY FILE

The registration of professional fundraisers that fail to submit their registration materials expires on May 1 each year. Such professional fundraisers must properly re-register and pay a late fee of \$300 before they are permitted to solicit in Minnesota again. The late fee is in addition to the \$200 registration fee.⁴⁸

DISCLOSURE REQUIREMENTS FOR SOLICITING PROFESSIONAL FUNDRAISERS

Minnesota law requires soliciting professional fundraisers to make various disclosures to prospective donors when soliciting contributions. These disclosures include providing certain information about the charity and its charitable programming, the professional fundraiser’s name as on file with the Attorney General’s Office, and that the solicitation is being conducted by a “professional fundraiser.”⁴⁹ The disclosures must be made prior to or contemporaneously with the request for a donation. See the section entitled “Disclosure Requirements for Charitable Organizations” on page 9 for additional information on the disclosures that professional fundraisers must make to prospective donors.

OTHER MINNESOTA LAWS THAT MAY APPLY TO PROFESSIONAL FUNDRAISERS

Other state and federal statutes and regulations not addressed in this publication may also govern professional fundraisers’ activities. For example, Minnesota law prohibits the use of an automatic dialing-announcing device, commonly known as “robocalls,” except under limited circumstances.⁵⁰ It is unlawful for professional fundraisers to engage in any deceptive, fraudulent, or misleading practices in connection with any charitable solicitation under the Charitable Solicitation Act.⁵¹ Such conduct may also violate Minnesota’s consumer protection laws.⁵² Various federal telemarketing statutes may apply to donations solicited over the phone as well.⁵³ Professional fundraisers must comply with all laws applicable to their conduct, not just the statutes referenced in this publication.

IV. LAWS THAT GOVERN CHARITABLE TRUSTS

LAWS THAT GOVERN CHARITABLE TRUSTS

The Minnesota Supervision of Charitable Trusts and Trustees Act (“Charitable Trust Act”), Minn. Stat. §§ 501B.33-45, requires charitable trusts to register and file annual reports with the Attorney General’s Office if they fall within the scope of the law. All documents charitable trusts file with the Attorney General’s Office are public.⁵⁴ Independent of any need to register, the Charitable Trust Act imposes on trustees certain fiduciary duties to properly manage, administer, and use property held for charitable purposes, a violation of which constitutes a breach of trust.

DEFINITION OF A CHARITABLE TRUST

Under the Charitable Trust Act, a “charitable trust” is created upon the manifestation of an intent that property be used for a charitable purpose, and subjects a person or group of persons to equitable duties to deal with the property for a charitable purpose.⁵⁵ A “charitable purpose” means an actual or purported charitable, philanthropic, religious, social service, educational, or other public use or purpose.⁵⁶ Minnesota law further expressly states that the term “property” for the purposes of the Charitable Trust Act includes money derived from fees for services.⁵⁷

Simply providing money or property to an organization whose purpose is charitable usually establishes a charitable trust under Minnesota law; this remains true even if the word “trust” is not used by the donor, or the transaction is styled as a gift.⁵⁸ This principle encompasses charitable bequests in wills or similar instruments.⁵⁹ An organization indicating that it intends to hold property for a charitable purpose—for example, by so stating in its articles of organization—also creates a charitable trust.⁶⁰

REGISTRATION OF CHARITABLE TRUSTS AND EXEMPTIONS FROM REGISTERING

REGISTRATION OF CHARITABLE TRUSTS

Unless exempt, a charitable trust must register with the Attorney General’s Office if it has gross assets of \$25,000 or more at any time during the year.⁶¹ A charitable trust must register within three months of receiving gross assets worth \$25,000 or more. A charitable trust must also include with its initial registration form a copy of its articles of organization—or the instrument that created the charitable trust, if different—including any amendments. A charitable trust must also pay a \$25 fee when initially registering.⁶²

EXEMPTIONS FROM REGISTRATION

The Charitable Trust Act excludes certain charitable trusts from its registration requirements.⁶³ Charitable trusts that claim they are exempt from registering should still be aware of two important points:

- Charitable trusts claiming to be exempt from registration must still file a Charitable Trust Exemption Form with the Attorney General’s Office.
- Parts of the Charitable Trust Act imposing fiduciary duties on charitable trustees to properly manage, administer, and use property held for charitable purposes apply to all charitable trustees, regardless of whether or not the charitable trust is required to register.⁶⁴

The following charitable trusts are exempt from registering with the Attorney General’s Office under the Charitable Trust Act:⁶⁵

- Charitable trusts that properly register with the Attorney General’s Office under the Charitable Solicitation Act, Minn. Stat. §§ 309.50-.61;
- Charitable trusts administered by the United States or its political subdivisions; and
- Charitable trusts that are religious associations under Minnesota Statutes chapters 315 or 317A, or that are organized and operated for exclusively religious purposes and are administered by such an association.

There are several other exemptions from registration, but they are complicated in nature because they are tied to certain federal and Minnesota tax law provisions, or are conditioned on the nature of the beneficiary or the type of instrument creating the trust. Parties should review section 501B.36 for more detail on these other exemptions.

CHARITABLE TRUST ANNUAL FILING REQUIREMENTS

Registered charitable trusts must file an annual report with the Attorney General’s Office for each year that they had gross assets of \$25,000 or more at any time during the year.⁶⁶ A charitable trust must include with its annual report a copy of its federal tax or information return filed with the IRS (i.e., Form 990, 990-EZ, or 990-PF), including all schedules and amendments. If the charitable trust does not file a return with the IRS—or only files Form 990-N—it must file a balance sheet and a statement of income and expense for its most recent accounting year.⁶⁷ An organization that files its federal return with the Attorney General’s Office is not required to file the same information with the Minnesota Department of Revenue.⁶⁸ A charitable trust must also pay a \$25 filing fee with its annual report.⁶⁹

A charitable trust’s annual report is due on or before the fifteenth day of the fifth month after the close of the trust’s taxable year.⁷⁰ For example, if a charitable trust’s taxable year end is December 31, its annual report is due on May 15. Charitable trusts may request an extension to the due date to file their annual report of up to six months.⁷¹ The easiest way to request an extension is electronically through the Attorney General’s Office’s website, www.ag.state.mn.us. Charitable trusts may also request an extension by mail. An Appendix is attached to this publication reflecting the due dates for annual reports for common taxable year-end dates.

BREACH OF TRUST

The failure of a trustee to timely register a charitable trust with the Attorney General’s Office, to file a complete and accurate annual report, or administer and manage property held for charitable purposes in accordance with the law and consistent with fiduciary obligations, constitutes a breach of trust.⁷²

SOLICITING CHARITY V. CHARITABLE TRUST

The Charitable Trust Act is broader than the Charitable Solicitation Act because it applies to the mere holding of assets, regardless of how they were acquired. Soliciting nonprofits request contributions from donors, subjecting those nonprofits to the Charitable Solicitation Act. Soliciting nonprofits also hold donations in trust for their intended charitable purpose, which subjects to them the Charitable Trust Act. A nonprofit is therefore often both a “charitable organization” under the Charitable Solicitation Act, and a “charitable trust” under the Charitable Trust Act.

V. MINNESOTA-ORGANIZED NONPROFITS AND CHARITABLE GAMBLING

Charities and charitable trusts that incorporate in Minnesota do so under the Minnesota Nonprofit Corporation Act, Minn. Stat. ch. 317A, or, less commonly, as a nonprofit limited liability company.⁷³ A summary of the Nonprofit Corporation Act is beyond the scope of this guide, but Minnesota nonprofits should be aware of certain key statutes in the Act, including the following:

- The length of time a director may serve on a nonprofit’s board may not exceed ten years without the person being elected or appointed to a new term. There is no limit on how many terms a director may serve on a board.⁷⁴
- Nonprofit board members have various fiduciary duties imposed on them as a director of the nonprofit, including the duties of care, loyalty, obedience, and to act in the best interests of the organization, among others.⁷⁵
- Nonprofit officers, or those exercising the functions of officers, likewise have various fiduciary duties imposed on them.⁷⁶
- A nonprofit must satisfy certain criteria in order to properly transact business with a related party.⁷⁷
- A nonprofit may not lend money to a director, officer, or employee of the organization (or a related organization) unless the board of directors reasonably expects the loan to benefit the nonprofit, as opposed to the recipient of the loan.⁷⁸
- A nonprofit is required to maintain complete and accurate books and records regarding its operations and affairs, including its articles and bylaws, accounting records, voting agreements, and meeting minutes.⁷⁹

Minnesota nonprofits should review the entirety of chapter 317A and consult with a private attorney to ensure their compliance with these laws. This Office has also prepared a brochure entitled *Guide for Board Members: Fiduciary Duties of Directors of Charitable Organizations*. It discusses in more detail the roles and responsibilities of board members, and is available on the Office’s website.

The requirements imposed on nonprofits by statutes administered by the Minnesota Secretary of State and the Minnesota Gambling Control Board (for nonprofits that engage in charitable gambling) are not discussed in this guide. For more information on these matters, please contact the Minnesota Secretary of State, Retirement Systems of Minnesota Building, 60 Empire Drive, Suite 100, St. Paul, MN 55103, or at (651) 296-2803 or (877) 551-6767. For information regarding charitable gambling, please contact the Minnesota Gambling Control Board, 1711 West County Road B, Suite 300 South, Roseville, MN 55113, or at (651) 539-1900.

VI. WHEN NONPROFITS MUST PROVIDE NOTICE TO THE ATTORNEY GENERAL

Charities, charitable trusts, personal representatives, and Minnesota-organized nonprofits must give prior notice to the Attorney General's Office of certain types of intended transactions and activities pursuant to the Charitable Trust Act,⁸⁰ the Minnesota Nonprofit Corporation Act,⁸¹ the Minnesota Limited Liability Company Act,⁸² and the Uniform Prudent Management of Institutional Funds Act.⁸³

PRIOR NOTICE OF MATTERS INVOLVING CHARITABLE TRUSTS

The Charitable Trust Act, Minn. Stat. §§ 501B.33-45, requires persons to give prior notice to the Attorney General's Office of the following types of court proceedings implicating charitable trusts:⁸⁴

1. to construe the terms of an instrument with respect to a charitable trust;
2. to modify or depart from the objects or purposes of a charitable trust, including in a *cy pres* proceeding and as discussed in Minnesota Statutes section 501B.31;
3. to review an accounting of a charitable trust submitted by a trustee;
4. to liquidate or distribute the assets of a charitable trust;
5. to terminate a charitable trust; and
6. proceedings in which the interests of uncertain or indefinite charitable beneficiaries in a charitable trust may be affected.

Trustees of court-supervised charitable trusts who are required to file annual accountings with the court must also provide a copy of the accounting, including individual and combined statements, to the Attorney General's Office.⁸⁵

Minnesota law permits interested persons to a trust to enter into a nonjudicial settlement agreement regarding the trust if the settlement could be properly approved by the court.⁸⁶ Because a settlement agreement resulting from a court proceeding involving a charitable trust is not valid unless the Attorney General's Office joined the settlement or declined to participate in it,⁸⁷ parties intending to enter into a nonjudicial settlement agreement relating to a charitable trust should provide to the Office prior notice of the proposed settlement.

PRIOR NOTICE OF PROBATE MATTERS INVOLVING CHARITABLE BEQUESTS OR DEVICES

The Charitable Trust Act, Minn. Stat. §§ 501B.33-.45, requires personal representatives to give prior notice to the Attorney General's Office of the following types of probate matters involving charitable bequests or devises:⁸⁸

1. a bequest or devise for charitable purposes in excess of \$150,000;
2. a bequest or devise for a charitable purpose for which there is no named charitable beneficiary;
3. a bequest or devise to a charitable beneficiary in receivership; or
4. upon a written request served on the personal representative by a named charitable beneficiary prior to the order allowing the final account or, in unsupervised proceedings, within 30 days after service of the final account on the charitable beneficiary.

If prior notice is required, the personal representative of the estate must provide the Attorney General's Office a copy of the probate petition and the will being offered for probate.⁸⁹

PRIOR NOTICE OF A MINNESOTA NONPROFIT'S INTENT TO DISSOLVE, MERGE, CONSOLIDATE, CONVERT, OR TRANSFER ASSETS

The Minnesota Nonprofit Corporation Act, Minn. Stat. ch. 317A, requires Minnesota-organized nonprofit corporations that are tax exempt under section 501(c)(3) of the Internal Revenue Code or that hold assets for a charitable purpose to notify the Attorney General's Office prior to dissolving, merging, consolidating, converting into a different nonprofit organization, or transferring all or a substantial portion of their assets.⁹⁰ Unless the time period is waived, the nonprofit must then wait 45 days before consummating the intended transaction.⁹¹ The same notification requirements apply to Minnesota nonprofit limited liability corporations.⁹² The Office provides a form on its website, www.ag.state.mn.us, that nonprofits should use to satisfy these notice requirements. The only exception to this notice requirement is if the transaction is a merger with, consolidation or conversion into, or transfer of assets to another organization tax exempt under section 501(c)(3).⁹³ Corporations excepted from this requirement must still provide a copy of the certificate of merger, consolidation and incorporation, or conversion to the Office.⁹⁴

NOTICE UNDER UPMIFA

As discussed further in the next section, the Uniform Prudent Management of Institutional Funds Act requires prior notice to the Attorney General's Office of any proceeding seeking to modify or release a restriction on an institutional fund.⁹⁵

VII. UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT

The Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), Minn. Stat. §§ 309.73-.77, provides standards and procedures for charities managing institutional funds.

KEY DEFINITIONS

An “institution” is an entity operated exclusively for charitable purposes, a government entity to the extent it holds funds for a charitable purpose, and certain types of trusts.⁹⁶ With certain exceptions, UPMIFA defines an “institutional fund” as a fund held by an institution exclusively for charitable purposes.⁹⁷ Institutional funds do not include “program-related assets,” which is an asset held by an institution primarily to accomplish a charitable purpose of the institution and not primarily for investment.⁹⁸ An institutional fund is typically created when a donor provides a donation or grant to an institution, but restricts the institution to using the funds for a particular charitable purpose. Examples include endowments, scholarship funds, and restricted-use gifts to institutions like universities or health care systems.

MANAGING INSTITUTIONAL FUNDS

UPMIFA requires institutions to honor restrictions placed by donors on institutional funds, and to manage institutional funds in good faith and with the care of an ordinarily prudent person in a like position. The law provides specific standards to help guide institutions when managing and investing institutional funds.⁹⁹

MODIFYING INSTITUTIONAL FUND RESTRICTIONS

UPMIFA establishes procedures for institutions that want to release or modify donor restrictions placed on the management, investment, or charitable purpose of an institutional fund. An institution may seek written consent from the donor to release or modify such a restriction, or it may seek court permission.¹⁰⁰ UPMIFA requires prior notice to the Attorney General’s Office of any such court proceedings. UPMIFA also provides an alternative procedure to release or modify fund restrictions without donor consent or court involvement. Under this alternative procedure, an institution may, 60 days after providing notice to the Attorney General’s Office, release or modify a restriction on an institutional fund if the fund has a total value of less than \$50,000, and is more than 20 years old, and the institution uses the remaining assets consistent with the donor’s charitable purpose.¹⁰¹

APPENDIX

SOLICITING CHARITY DUE DATES FOR FILING ANNUAL REPORTS

Accounting Year End	Due Date	Due Date With Requested Extension
January 31	August 15	December 15
February 28	September 15	January 15
March 31	October 15	February 15
April 30	November 15	March 15
May 31	December 15	April 15
June 30	January 15	May 15
July 31	February 15	June 15
August 31	March 15	July 15
September 30	April 15	August 15
October 31	May 15	September 15
November 30	June 15	October 15
December 31	July 15	November 15

CHARITABLE TRUST DUE DATES FOR FILING ANNUAL REPORTS

Accounting Year End	Due Date	Due Date With Requested Extension
January 31	June 15	December 15
February 28	July 15	January 15
March 31	August 15	February 15
April 30	September 15	March 15
May 31	October 15	April 15
June 30	November 15	May 15
July 31	December 15	June 15
August 31	January 15	July 15
September 30	February 15	August 15
October 31	March 15	September 15
November 30	April 15	October 15
December 31	May 15	November 15

STATUTORY REFERENCES

- 1 Minn. Stat. § 309.54, subd. 1.
- 2 Minn. Stat. § 309.52, subd. 1.
- 3 Minn. Stat. § 309.50, subd. 4.
- 4 Minn. Stat. § 309.50, subd. 5.
- 5 Minn. Stat. § 309.54, subd. 10.
- 6 Minn. Stat. § 309.52, subd. 1.
- 7 Minn. Stat. § 309.515.
- 8 Minn. Stat. §§ 309.55, 309.556.
- 9 Minn. Stat. § 309.515, subd. 1(a).
- 10 Minn. Stat. § 309.515, subd. 1(b).
- 11 Minn. Stat. § 309.515, subd. 1(c).
- 12 Minn. Stat. § 309.515, subd. 1(d).
- 13 Minn. Stat. § 309.515, subd. 1(e).
- 14 Minn. Stat. § 309.515, subd. 1(f).
- 15 Minn. Stat. § 309.50, subd. 5.
- 16 Minn. Stat. § 309.50, subd. 5.
- 17 Minn. Stat. § 309.52, subd. 1.
- 18 Minn. Stat. § 309.52, subds. 1(m), 2.
- 19 Minn. Stat. § 309.52, subd. 3.
- 20 Minn. Stat. § 309.52, subd. 4.
- 21 Minn. Stat. § 309.53.
- 22 Minn. Stat. § 309.53, subds. 1, 2.
- 23 Minn. Stat. § 309.53, subd. 3(i).
- 24 Minn. Stat. § 309.53, subd. 2.
- 25 Minn. Stat. § 309.53, subd. 3.
- 26 Minn. Stat. § 309.53, subd. 3.
- 27 Minn. Stat. § 309.53, subds. 3, 3a.
- 28 Minn. Stat. § 309.53, subd. 3.
- 29 Minn. Stat. § 309.53, subds. 3, 3a.
- 30 Minn. Stat. § 309.53, subds. 3, 3a.
- 31 Minn. Stat. § 309.53, subd. 4.
- 32 Minn. Stat. § 309.53, subd. 1.
- 33 Minn. Stat. § 309.53, subd. 1.
- 34 Minn. Stat. § 309.52, subd. 7.
- 35 Minn. Stat. § 309.52, subd. 7.
- 36 Minn. Stat. § 309.53, subds. 2, 8.
- 37 Minn. Stat. § 309.556.
- 38 Minn. Stat. § 309.556, subd. 1.
- 39 Minn. Stat. § 309.556, subd. 1.
- 40 Minn. Stat. § 309.556, subd. 2.
- 41 Minn. Stat. § 309.55, subds. 1, 3, 5.
- 42 Minn. Stat. § 309.54, subds. 2, 3.
- 43 Minn. Stat. § 309.50, subd. 6.
- 44 Minn. Stat. § 309.50, subd. 6.
- 45 Minn. Stat. § 309.50, subd. 6.
- 46 Minn. Stat. § 309.515, subd. 1(g).
- 47 Minn. Stat. § 309.531.
- 48 Minn. Stat. § 309.531.
- 49 Minn. Stat. § 309.556.
- 50 Minn. Stat. § 325E.27.
- 51 Minn. Stat. § 309.55, subd. 5.
- 52 Minn. Stat. §§ 325D.44, 325F.67, 325F.69.
- 53 16 C.F.R. pt. 310.
- 54 Minn. Stat. § 501B.39.
- 55 Minn. Stat. § 501B.35, subd. 3.
- 56 Minn. Stat. § 501B.35, subd. 2.
- 57 Minn. Stat. § 501B.35, subd. 3.
- 58 *In re Quinlan's Estate*, 45 N.W.2d 807 (Minn. 1951); *see also* Minn. Stat. § 501B.31.
- 59 *In re Munson's Estate*, 57 N.W.2d 22 (Minn. 1953).
- 60 Restatement (Second) of Trusts § 349.
- 61 Minn. Stat. § 501B.36.
- 62 Minn. Stat. § 501B.37, subds. 2, 3.
- 63 Minn. Stat. § 501B.36.
- 64 Minn. Stat. § 501B.41, subd. 6.
- 65 Minn. Stat. § 501B.36.
- 66 Minn. Stat. § 501B.38.
- 67 Minn. Stat. § 501B.38, subd. 1.
- 68 Minn. Stat. § 501B.38, subd. 1a.
- 69 Minn. Stat. § 501B.38, subd. 3.
- 70 Minn. Stat. § 501B.38, subd. 1a.
- 71 Minn. Stat. § 501B.38, subd. 1a.
- 72 Minn. Stat. § 501B.41, subd. 6.
- 73 Minn. Stat. § 322B.975.
- 74 Minn. Stat. § 317A.207.
- 75 Minn. Stat. § 317A.251.
- 76 Minn. Stat. § 317A.361.
- 77 Minn. Stat. § 317A.255.
- 78 Minn. Stat. § 317A.501.
- 79 Minn. Stat. § 317A.461.
- 80 Minn. Stat. § 501B.41.

- 81 Minn. Stat. § 317A.811.
- 82 Minn. Stat. § 322B.975.
- 83 Minn. Stat. § 309.755.
- 84 Minn. Stat. §§ 501B.31, .41.
- 85 Minn. Stat. § 501C.0205.
- 86 Minn. Stat. § 501C.0111.
- 87 Minn. Stat. § 501B.41, subd. 4.
- 88 Minn. Stat. § 501B.41, subd. 5.
- 89 Minn. Stat. § 501B.41, subd. 5.
- 90 Minn. Stat. § 317A.811, subd. 1.
- 91 Minn. Stat. § 317A.811, subd. 2.
- 92 Minn. Stat. § 322B.975, subd. 6.
- 93 Minn. Stat. § 317A.811, subd. 6.
- 94 Minn. Stat. § 317A.811, subd. 6.
- 95 Minn. Stat. § 309.755(b).
- 96 Minn. Stat. § 309.735(4).
- 97 Minn. Stat. § 309.735(5).
- 98 Minn. Stat. § 309.735(7).
- 99 Minn. Stat. § 309.74.
- 100 Minn. Stat. § 309.755(a)-(b).
- 101 Minn. Stat. § 309.755(c).

Charities, charitable trusts, and professional fundraisers with questions, or that wish to access registration and reporting forms, should visit the Attorney General's Office's website at www.ag.state.mn.us. The website has additional information on the topics discussed in this guide. Organizations may also call the Attorney General's Office with questions at (651) 296-3353 (Twin Cities Calling Area), (800) 657-3787 (Outside the Twin Cities), or through the Minnesota Relay Service at (800) 627-3529. Written inquiries and other submissions should be directed as follows:

Minnesota Attorney General's Office

Charities Division

445 Minnesota Street, Suite 1200

St. Paul, MN 55101

www.ag.state.mn.us/charity

Minnesota Attorney General's Office. (n.d.) A Guide to Minnesota's Charities Laws. Retrieved May 13, 2022, from <https://www.ag.state.mn.us/brochures/pubGuidetoCharitieslaws.pdf>

ETHICAL STANDARDS (Adopted 1964; amended Oct 2014)

The Association of Fundraising Professionals believes that ethical behavior fosters the development and growth of fundraising professionals and the fundraising profession and enhances philanthropy and volunteerism. AFP Members recognize their responsibility to ethically generate or support ethical generation of philanthropic support. Violation of the standards may subject the member to disciplinary sanctions as provided in the AFP Ethics Enforcement Procedures. AFP members, both individual and business, agree to abide (and ensure, to the best of their ability, that all members of their staff abide) by the AFP standards.

PUBLIC TRUST, TRANSPARENCY & CONFLICTS OF INTEREST

Members shall:

- 1 not engage in activities that harm the members' organizations, clients or profession or knowingly bring the profession into disrepute.
- 2 not engage in activities that conflict with their fiduciary, ethical and legal obligations to their organizations, clients or profession.
- 3 effectively disclose all potential and actual conflicts of interest; such disclosure does not preclude or imply ethical impropriety.
- 4 not exploit any relationship with a donor, prospect, volunteer, client or employee for the benefit of the members or the members' organizations.
- 5 comply with all applicable local, state, provincial and federal civil and criminal laws.
- 6 recognize their individual boundaries of professional competence.
- 7 present and supply products and/or services honestly and without misrepresentation.
- 8 establish the nature and purpose of any contractual relationship at the outset and be responsive and available to parties before, during and after any sale of materials and/or services.
- 9 never knowingly infringe the intellectual property rights of other parties.
- 10 protect the confidentiality of all privileged information relating to the provider/client relationships.
- 11 never disparage competitors untruthfully.

SOLICITATION & STEWARDSHIP OF PHILANTHROPIC FUNDS

Members shall:

- 12 ensure that all solicitation and communication materials are accurate and correctly reflect their organization's mission and use of solicited funds.
- 13 ensure that donors receive informed, accurate and ethical advice about the value and tax implications of contributions.

- 14 ensure that contributions are used in accordance with donors' intentions.
- 15 ensure proper stewardship of all revenue sources, including timely reports on the use and management of such funds.
- 16 obtain explicit consent by donors before altering the conditions of financial transactions.

TREATMENT OF CONFIDENTIAL & PROPRIETARY INFORMATION

Members shall:

- 17 not disclose privileged or confidential information to unauthorized parties.
- 18 adhere to the principle that all donor and prospect information created by, or on behalf of, an organization or a client is the property of that organization or client.
- 19 give donors and clients the opportunity to have their names removed from lists that are sold to, rented to or exchanged with other organizations.
- 20 when stating fundraising results, use accurate and consistent accounting methods that conform to the relevant guidelines adopted by the appropriate authority.

COMPENSATION, BONUSES & FINDER'S FEES

Members shall:

- 21 not accept compensation or enter into a contract that is based on a percentage of contributions; nor shall members accept finder's fees or contingent fees.
- 22 be permitted to accept performance-based compensation, such as bonuses, only if such bonuses are in accord with prevailing practices within the members' own organizations and are not based on a percentage of contributions.
- 23 neither offer nor accept payments or special considerations for the purpose of influencing the selection of products or services.
- 24 not pay finder's fees, commissions or percentage compensation based on contributions.
- 25 meet the legal requirements for the disbursement of funds if they receive funds on behalf of a donor or client.

COUNCIL FOR THE ADVANCEMENT AND SUPPORT OF EDUCATION

Statement of Ethics

Institutional advancement professionals, by virtue of their responsibilities within the academic community, represent their colleges, universities, and schools to the larger society. They have, therefore, a special duty to exemplify the best qualities of their institutions and to observe the highest standards of personal and professional conduct.

In so doing, they promote the merits of their institutions, and of education generally, without disparaging other colleges and schools.

Their words and actions embody respect for truth, fairness, free inquiry, and the opinions of others.

They respect all individuals without regard to race, color, sex, sexual orientation, marital status, creed, ethnic or national identity, handicap, or age.

They uphold the professional reputation of other advancement officers and give credit for ideas, words, or images originated by others.

They safeguard privacy rights and confidential information.

They do not grant or accept favors for personal gain, nor do they solicit or accept favors for their institutions where a higher public interest would be violated.

They avoid actual or apparent conflicts of interest and, if in doubt, seek guidance from appropriate authorities.

They follow the letter and spirit of laws and regulations affecting institutional advancement.

They observe these standards and others that apply to their professions and actively encourage colleagues to join them in supporting the highest standards of conduct.

The CASE Board of Trustees adopted this Statement of Ethics to guide and reinforce our professional conduct in all areas of institutional advancement. The statement is also intended to stimulate awareness and discussion of ethical issues that may arise in our professional activities. The Board adopted the final text in Toronto on July 11, 1982, after a year of deliberation by national and district leaders and by countless volunteers throughout the membership.



The Minnesota State University Mankato Foundation acknowledges the fundraising and philanthropy standard of the Donor Bill of Rights. It is the intention of the Foundation to uphold these standards in all the activities of the Foundation.

Association of Fundraising Professionals (AFP)

The Donor Bill of Rights

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

I. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.

II. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.

III. To have access to the organization's most recent financial statements.

IV. To be assured their gifts will be used for the purposes for which they were given.

V. To receive appropriate acknowledgement and recognition.

VI. To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.

VII. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.

VIII. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.

IX. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.

X. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.



MINNESOTA STATE
UNIVERSITY
MANKATO

FOUNDATION
