

POLICIES

Issued: March 25, 2017

Responsible Official: Vice President for External Affairs

Responsible Office: University Advancement

Policy Statement

It is the policy of Austin Peay State University that the APSU Foundation assist the University better to fulfill its responsibilities as a Regional State University by providing funds for worthy purposes that are not sufficiently funded by other sources.

Purpose

The purpose of this policy is to assure that, with regard to any foundation established to support APSU, the relationship of the foundation to the University is clearly defined and is set forth in a formal, written manner that (1) defines the legal authority and operating control of the University with respect to the foundation; (2) describes the relationship of the foundation to the University and the extent of any liability arising out of that relationship; and (3) demonstrates that the fund-raising activities of the foundation further the mission of the University.

Definitions

Foundation

For purposes of this policy, a foundation is defined as a tax-exempt, not-for-profit corporation, chartered within the State of Tennessee for the sole purpose of supporting and advancing the mission of the University or its programs. This policy does not apply to foundations established solely to support the University's research activities.

Procedures

**The Foundation's
Relationship to the
University**

- A. A foundation is not an operational function of the University; it is a separate legal entity. A foundation's identity must be maintained separate from the University.

- B. The foundation's relationship to the University is based upon a shared interest in the University's development and success of the University's mission. Therefore, University participation in and support of foundation operations and activities are, therefore, appropriate and desirable.
- C. The accountability of a foundation and of the University as it relates to the foundation is a concern common to the foundation, the University, and the Board of Trustees. The University should not promote, encourage or agree to use of a foundation in ways that are, or appear to be, abusive, inappropriate, or do not follow sound business practices.

General Requirements

- A. The governance structure of a foundation must be determined by the foundation. To ensure an appropriate level of University participation in the foundation governance, the president or the president's designee should hold a voting membership on the foundation's governing body. In order to assure that the foundation acts as a separate entity, a quorum of its governing body may not consist of a majority of members who are employed by the University.
- B. The University shall enter into a written agreement with any foundation(s) governed by this policy that documents their understanding of their relationship and describes their respective responsibilities. The University must use the standard agreement. Every agreement must contain, at a minimum, the provisions of the standard agreement.
- C. The foundation shall adopt an annual budget. In order to assure that the foundation's objectives are aligned with those of the University, the University shall advise the foundation of its needs and priorities for the fiscal year in question.
- D. The foundation shall develop policies and procedures concerning its operations, including, but not limited to, the following:
 - 1. Policies that address the solicitation and acceptance of contributions to the foundation. The policies must incorporate sound business principles and safeguard compliance with donor intent and conditions. Such policies shall provide that, prior to acceptance of any gift to the foundation that will require substantial institutional support such as staff, financial assistance, storage, on-going maintenance, etc., approval must be obtained from the president.

2. Policies and procedures that address the management and investment of contributions to the foundation, subject to the requirements of the Uniform Prudent Management of Institutional Funds Act, T.C.A. Title 35, Chapter 10, Part 2.
 3. Policies and procedures that address the foundation's procurement and contracting activities.
 - a. Such policies and procedures shall implement sound business practices and prudent use of foundation funds, including encouragement of the use of competitive procurement of goods and services, when practicable.
 - b. Such policies and procedures must include a process for determining authority for authorizing contracts on behalf of the foundation and for authorizing expenditure of foundation funds. Authority for these functions cannot be delegated solely to an employee of the institution.
 4. Policies that, in accordance with T.C.A. § 49-7-107(c), establish and adopt a code of ethics that apply to and govern the conduct of all members of the foundation's governing body. Such policies shall require that members review and acknowledge the code of ethics annually.
 5. Policies that identify who may release the foundation's records upon receipt of a request.
- E. No University funds, including contributions to the University, may be transferred directly or indirectly to the foundation; provided, however, this shall not prohibit the University from providing in-kind services to the foundation, such as office space and the use of support staff. It is understood that instances may occur where a donor inadvertently directs a contribution to the University which is intended for the foundation. Procedures shall be established to clarify donor intent.
- F. Foundations must respect Board of Trustee and University authority over personnel administration. Foundation expenditures for compensation and other payments to or for the benefit of University personnel and reportable as income to the recipient, such as salary, expense accounts, automobiles, club or other organization memberships and dues, etc., must be approved in advance, annually, by the president, unless the salaries funded by the foundation are in accordance with APSU's compensation plan and included in the personnel budget. Advance approval of the Board shall be

required if payments outside the compensation plan are made to or for the benefit of any University employee, including the president, and if the aggregate value of such payments to any individual institutional employee exceeds fifteen hundred dollars (\$1,500) per fiscal year. This provision does not apply to reimbursement of business expenses incurred by University employees or to non-taxable recognition awards given to University employees.

- G. The foundation's governing body shall issue reports, at least annually, on the activities of the foundation, which shall be submitted to the president. An annual financial report shall be issued, prepared in accordance with generally accepted accounting principles, including all required note disclosures.
- H. In accordance with T.C.A. § 49-7-107(b), all annual reports, books of account and financial records of the foundation shall be subject to audit by the Comptroller of the Treasury of the State of Tennessee. Records and accounts maintained by the foundation shall be audited on the same cycle as the institutional audit performed by the Comptroller, or, with the prior approval of the Comptroller, an independent public accountant may perform such an audit. The contract between the independent public accountant and the foundation shall be approved in advance by the Board of Trustees and the Comptroller and shall be on forms prescribed by the Comptroller. All annual reports, books of account and financial records of a foundation shall be available for audit by the internal auditors.
- I. Copies of the initial and amended foundation charters and bylaws filed with the Secretary of State shall be submitted by the president.

Implementation

- A. No later than twelve (12) months after adoption of this policy, the University will have conformed any existing agreement with foundations to the requirement of this policy.

Revision Dates

APSU Policy 7:008 – Issued: March 25, 2017

Subject Areas:

Academic	Finance	General	Human Resources	Information Technology	Student Affairs
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Approved

President: signature on file
