



Guideline on	Campus Foundations
Related Policy:	
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I. RECOGNITION

- A. A Chancellor may recognize as a Campus Foundation a single organization that has the following characteristics:
 - 1. is organized and operated solely in support of the University's interests;
 - 2. has as its purpose the fostering of support for the benefit of the campus; and
 - 3. among recognized organizations, provides the major private support for the campus.
- B. An organization that desires to provide support to a Universitywide function may be accorded such recognition by the President of the University.
- C. The Chancellor shall notify in writing an officer of the Campus Foundation that compliance with the University's Policy on Support Groups, Campus Foundations and Alumni Associations and the Administrative Guidelines for Campus Foundations is a condition of continued recognition. A written acceptance of that condition shall be approved by the Campus Foundation's governing board and shall be reaffirmed annually.
- D. With the approval of the Chancellor, a Campus Foundation may provide to officially recognized University support groups or other campus fundraising activities the following, subject to the same conditions pertaining to the Foundation: cash management, disbursement, and accounting stewardship; gift reporting; and, in appropriate cases, coverage under the Foundation's insurance policies, inclusion in the Foundation's financial statements, external audits and tax reporting, or use of the Foundation's tax identification number.
- E. The following privileges may be granted by the Chancellor to a Campus Foundation:



1. use of the name and unofficial seal of the University;
2. use of University space, equipment, administrative services, and staff in the performance of a Foundation's recognized activities; and
3. use of the University's investment and legal services, subject respectively to approval by the Treasurer and General Counsel of The Regents.

II. ORGANIZATION

- A. A Campus Foundation shall be organized and operated as a California nonprofit, public benefit corporation. It shall obtain and maintain status as a tax-exempt, charitable organization under State and Federal income tax laws so that contributions and bequests to it will be deductible, charitable contributions.
- B. The Chancellor shall be an ex officio voting member of the governing board and of any executive or similar committee empowered to act for the governing board of a Campus Foundation. This responsibility may not be delegated.
- C. A Campus Foundation's enabling documents (e.g., articles of incorporation, bylaws, constitution) and any amendments are subject to approval by the Chancellor, and a copy of all enabling documents and amendments thereto shall be forwarded promptly to the President. Each Foundation's enabling documents shall include a clause requiring that in the event of its dissolution the Foundation's assets shall be distributed to The Regents of the University of California, provided that The Regents remain a qualified charitable organization under relevant State and Federal income tax laws.
- D. A Campus Foundation shall make clear to prospective donors that:
 1. The Foundation is a California nonprofit, public benefit corporation organized for the purpose of encouraging voluntary private gifts, trusts, and bequests for the benefit of the campus.
 2. Responsibility for governance of the Foundation, including investment of gifts and endowments, is vested in its governing board.
- E. Chancellors are responsible for determining that Campus Foundations are in compliance with the Policy on Support Groups, Campus Foundations and Alumni Associations and these Administrative Guidelines.



- F. Chancellors may establish additional written campus policies, guidelines, and delegations governing Campus Foundations as deemed necessary. Copies of such policies, guidelines, delegations, and any amendments thereto shall be consistent with the Policy on Support Groups, Campus Foundations and Alumni Associations and these Administrative Guidelines and shall be forwarded promptly to the President.
- G. University delegations of authority and policies pertaining to use of the University's name and unofficial seal shall be observed by a Campus Foundation.
- H. A Campus Foundation shall advise donors that any restrictive terms and conditions attached to gifts for the University are subject to University approval.
- I. Fundraising campaigns proposed by a Campus Foundation shall be approved by the Chancellor, the President, or The Regents as provided in pertinent University policies and delegations of authority.
- J. Before the acceptance of contributions by a Campus Foundation:
 - 1. Specific academic and other University programs to be supported by gifts to a Campus Foundation shall be approved by the Chancellor or at the Chancellor's designation by the appropriate academic or administrative review authorities.
 - 2. Gifts to a Campus Foundation, that would be within the dollar amount of the Chancellor's authority to accept if made to the University, shall be accepted by the Foundation in accordance with a delegation of authority from the Chancellor to the Foundation's governing board and with gift acceptance policies adopted by the Foundation's governing board and approved by the Chancellor.
 - 3. Gifts to a Campus Foundation, of such a magnitude that would require acceptance by The Regents or the President if made to the University, shall be approved as appropriate by The Regents or the President for acceptance by the Campus Foundation. An exception applies to gifts of real property that are not to be transferred to the University. Such gifts of real property may be accepted by the Campus Foundation after review by the Treasurer of the University or after review by the Campus Foundation in accordance with University procedures for reviewing real property.



- K. Gifts to a Campus Foundation shall be reported to the President and the Chancellor in such form as the President and Chancellor request.

III. FINANCIAL ACTIVITIES

- A. Financial activities of a Campus Foundation shall be administered and reported in accordance with prudent business practices and generally accepted accounting principles.
- B. State General Funds shall not be transferred to a Campus Foundation.
- C. Within 90 days of the close of each fiscal year, a Campus Foundation shall submit to the Chancellor and the President a detailed report comparing budgeted to actual administrative expenditures by fund source.
- D. Officers and staff members of a Campus Foundation shall be bonded as appropriate in amounts to be determined by the Foundation's governing board. General liability and directors' and officers' liability insurance also shall be obtained in amounts determined by the governing board to be reasonable and appropriate.
- E. A Campus Foundation may hold and invest endowments and funds functioning as endowments on a long-term basis. Such investments must be consistent with the terms of the gift instrument. Investment operations shall be conducted in accordance with prudent, sound practices to ensure that gift assets are protected and enhanced and that a reasonable return is achieved, and with due regard for the fiduciary responsibilities of the Foundation's governing board. The Treasurer of The Regents shall review investment procedures and results annually and report the findings to The Regents.
- F. Restricted funds received or unrestricted funds allocated (including investment income) for support of University departments or programs shall be transferred to the University, administered in accordance with University policies, and expended from University department or program accounts.
- G. Restricted funds received or unrestricted funds allocated (including investment income) for support of Campus Foundation activities, except as provided in Item III. H., immediately below, shall be transferred to the University; administered in accordance with University or written Foundation policies; and expended from regular University accounts or from University agency accounts.



- H. A Campus Foundation may open bank accounts with the approval of its governing board. Only the following expenditures for Foundation activities may be made from such accounts:
1. payments to beneficiaries and others pursuant to the terms of gift instruments;
 2. acquisition and management costs of real property and personal property acquired by gift;
 3. premium payments on gifts of life insurance;
 4. payments for audit, tax preparation, investment performance analysis, or legal fees, payments for insurance, payment of taxes, and payments or transfers of assets for investment and cash management to and between investment managers, banks, and other financial institutions;
 5. payments to donors to refund contributions as permitted by law, or to return overpayments pursuant to a donor's request;
 6. payments to campus support groups, the alumni association, or other organizations of monies managed on their behalf;
 7. payments to other organizations of donations or other remittances made in error to a Campus Foundation;
 8. transfers to the University; and
 9. legally appropriate payments to support legislation clearly beneficial to the University, such as capital outlay bond issues, when such legislation has been endorsed by The Regents provided, however, that the President may approve contributions by the Campus Foundation in advance of passage of legislation, and that the contributions can be expended for research and other necessary preliminary pre-campaign activities.
- I. All disbursements on behalf of a Campus Foundation shall be approved by a duly appointed Foundation officer. Checks drawn by a Campus Foundation in excess of an amount specified by the Foundation's governing board must bear the signatures of two persons designated by the governing board of the Foundation.
- J. Financial commitments and expenditures by a Campus Foundation shall be in accordance with pertinent University policies and guidelines or explicit, written



Foundation policies, and with detailed budgets approved by the Foundation's governing board. The methodology for allocation of costs to the Foundation or the University and among budget categories shall be approved by the governing board.

- K. A Campus Foundation shall not make direct payments to University employees except as provided in III.H.1., above, as a beneficiary under a charitable remainder life income arrangement. Each Foundation may establish a gift fund with The Regents from which University employees may receive payments in accordance with University policies and procedures.
- L. A Campus Foundation shall not pay any salaries, consulting fees, loans, or perquisites to a Foundation trustee, director, officer, volunteer, or staff member without the Chancellor's prior written approval, with copies to the President.
- M. University funds or gifts payable to The Regents or to any other University entity (except officially recognized University support groups having accounts with a Campus Foundation) shall not be deposited with or transferred to a Campus Foundation.
- N. A Foundation's solicitation literature shall make it clear when gifts are to be made payable to the Foundation. Each Foundation shall develop a procedure to document when gifts intended for the Foundation are erroneously made payable to a University entity other than a Campus Foundation, and when such documentation is possible, an exchange check may be issued by the University to a Campus Foundation.
- O. If charges against restricted gifts or income therefrom are to be made for costs of administering a Campus Foundation, the Foundation shall include in its literature a statement to that effect. Such charges shall be approved by the Chancellor and the Foundation's governing board, and the nature of such charges shall be disclosed in the Foundation's audited financial statements.
- P. Copies of the Foundation's report to the State Registry of Charitable Trusts, tax returns, and a current list of Foundation officers, directors or trustees, and legal counsel shall be provided promptly each year by the Foundation to the President and the Chancellor.
- Q. No substantial part of the activities of a Campus Foundation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, or participating or intervening in any political campaign on behalf of any candidate for public office.



- R. Business transactions involving the Foundation and the personal or business affairs of a trustee, director, officer, or staff member shall be approved in advance by the governing board. In addition, trustees, directors, officers, and staff members of a Campus Foundation shall disqualify themselves from making, participating in making, or in any way attempting to use their official positions to influence a decision in which they have or would have a financial interest.
- S. No director, trustee, officer, or staff member of a Campus Foundation shall accept from any source any gift or gratuity that is offered or reasonably appears to be offered because of the position held with the Foundation by the individual, nor shall an offer of a gift or gratuity be extended by such an individual on a similar basis. A gift or gratuity means any payment to the extent that consideration of equal or greater value is not received. It does not include informational material, such as books, reports, calendars, or other unsolicited promotional material. A gift does not include modest entertainment, such as a meal or refreshments in connection with meetings, conferences, or public ceremonies, or home hospitality. This provision applies to the individual and does not apply to gifts offered to or by a Foundation as an organization.

IV. AUDIT

- A. The governing body of each recognized Campus Foundation shall contract and pay for an external audit of each fiscal year.
- B. The annual external audit shall be conducted by a firm of Certified Public Accountants of nationally recognized standing.
- C. The audit report shall include the following:
 - 1. Financial statements, including management discussion and analysis, prepared in accordance with the most recent Government Accounting Standards Board pronouncements.
 - 2. A review of compliance with the Policy on Support Groups, Campus Foundations and Alumni Associations and these Administrative Guidelines for Campus Foundations.
 - 3. A management letter addressed to the appropriate members of the Foundation's governing board conveying audit findings and recommendations and including management's response to each finding and recommendation.



1. The appropriate written letters or opinions from the foundation's external auditor, as outlined in the campus foundation Financial Reporting Package, that support the inclusion of the foundation's financial statements in the University's Annual Report.
- D. The external audit and all resulting reports shall be completed within 75 days of the end of each fiscal year.
- E. The external auditor shall be instructed to furnish a copy of the audit report, including the letter to management with management's response, to the President of the University who shall summarize the results of all audits of Campus Foundations and report on them annually to The Regents' Committee on Audit.
- F. The external auditor's engagement shall include provision for a presentation to The Regents in any year if deemed necessary by the President or The Regents.
- G. A Campus Foundation shall permit the President and the Chancellor or their designees to inspect and audit its books and records at reasonable times. A Campus Foundation shall be audited by the University's internal auditors at the discretion of the University.