

MEMORANDUM

To: College Presidents and Deans
From: Chancellor Félix V. Matos Rodríguez
Date: February 22, 2021
Re: CUNY Foundation Guidelines

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As we enter this new year of fiscal constraints and other challenges, and many of you may be undertaking fundraising initiatives in cooperation with your college foundations, I would like to remind you of the CUNY Foundation Guidelines that were adopted by the CUNY Board of Trustees in 2017. The Guidelines govern the operation of foundations at CUNY and set forth standards to increase transparency and encourage good governance, while recognizing the foundations' structure as entities independent of their supported colleges and the University.

For your convenience I have attached a copy of the Guidelines to this memorandum. I have also summarized and highlighted below certain requirements and best practices of particular concern to CUNY given recent issues with several of the foundations.

As a member of the board of your college foundation, you (or your designee on the board) have a right to request and receive information from the foundation regarding its compliance with these requirements and best practices, and a duty to be familiar with the foundation's finances and activities and to participate regularly in its governance. Furthermore, the Guidelines allow you (or your designee) as college president to conduct periodic audits of the books and records, financial condition, operating results, and program activities of the foundation. I encourage you to use these tools to help ensure that your foundation is operating appropriately and in the best interests of the college and CUNY.

IMPORTANT REQUIREMENTS & BEST PRACTICES

- **Purpose:** Each Foundation is created and operated exclusively to benefit a particular CUNY college. Foundations shall plan and conduct all fundraising and related advancement activities in close cooperation with the college president and the college office of development and institutional advancement. No funded program shall be created by a Foundation without the approval of the college president.

- Governance: The majority of a Foundation's directors and officers must be external, non-CUNY employees. The college president or designee shall be an ex officio, voting member of the Foundation board. No college employee who is also a voting member of the Foundation board may be an officer of the Foundation. In addition, no college employee, whether or not a member of the Foundation board, may serve as Treasurer of the Foundation.
- Compliance with Investigations: Pursuant to section V, subsection G of the CUNY Foundation Guidelines, Foundations and their Affiliates shall cooperate with the University regarding any investigation into their conduct or the activities of their Affiliates.
- Salary Supplements: No Foundation shall underwrite any compensation for the college president. No Foundation shall underwrite any compensation for other college faculty and staff without the prior approval of the college president, the Foundation's board, and the Chancellor. Pursuant to University policy a college president shall annually report all college faculty and staff compensation, including any approved compensation paid by a Foundation, to the CUNY Board of Trustee's Committee on Faculty, Staff and Administration.
- Policies and Procedures: Each Foundation shall develop a comprehensive manual documenting the policies, procedures, standards, and other administrative and operating criteria applicable to it. These shall include policies regarding reporting to donors, investment, spending rates and endowment audits, to ensure that the proceeds of the Foundation's fundraising are appropriately recorded, credited, acknowledged, and administered based on legal requirements and donor stewardship parameters and consistent with standards of best practice. Each gift shall be counted, valued or discounted in accordance with Council for the Advancement and Support of Education (CASE) standards and Generally Accepted Accounting Principles (GAAP).
- Financial Management: Each Foundation shall develop an annual operating budget in consultation with the college president. All funds shall be managed and invested as required by New York Prudent Management of Institutional Funds Act (NYPMIFA) and otherwise with respect to prevailing principles of sound financial management and legal obligations. Each Foundation shall maintain a financial system that provides for accrual based accounting and is used to process all financial transactions. Foundations shall follow the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee of Accounting Procedures and Generally Accepted Accounting Principles (GAAP).
- Financial Reporting and Audit: The chief executive officer and/or chief financial officer of each Foundation shall provide its board with periodic financial and managerial reports. Each Foundation shall prepare annual financial statements in conformity with GAAP and have them audited by a licensed, independent certified public accounting firm (CPA) in accordance with generally accepted auditing standards. The independent CPA retained by a Foundation and/or Affiliate must have experience auditing tax exempt organizations and must be approved by a designee of the Chancellor. No independent CPA firm shall serve as the audit firm for the Foundation for more than seven years and a three-year period must elapse before such CPA firm may serve again as auditor.

- Internal Controls: Each Foundation is responsible for establishing and maintaining adequate internal controls. Some of these controls include maintaining segregation of duties between the cash receipts and disbursements functions, preparing timely bank reconciliations, requiring dual signatories on payments over set amounts, maintaining segregation duties between the accounts payable and purchasing and payroll and human resource functions and restricting access to the vendor listing.

COMPLIANCE

As it has now been several years since the Guidelines went into effect, each college should now review whether it and its Foundation are in compliance. Among other things, colleges should now and at least annually hereafter:

- Review the current MOU with their Foundation and make any necessary changes. The main text of the MOU may not be changed. However, Exhibits B – D of the MOU are campus-specific, and should reflect the actual, current relationship of the college and the foundation, consistent with the Guidelines. The Office of the General Counsel must approve all MOUs as to form, including amendments; no MOU or amendment should be signed by a college prior to OGC approval.
- Provide OGC with electronic copies of any Foundation and Affiliate organization documents that are new or amended since June 2017. This includes amendments to the Foundation's certificate of incorporation, charter or other organizing document and its bylaws. Documents should be sent to Sharon.atkins@cuny.edu.
- Provide the University Office of Budget and Finance with an electronic copy of the Foundation's policy manual if amended since June 2017 or not previously provided. If no manual currently exists, the college should provide copies of the existing individual policies (e.g., conflict of interest, investment, gift acceptance, etc.) Documents should be sent to christina.chiappa@cuny.edu.
- Confirm that the college business office is annually providing the University Office of Budget and Finance with a complete list of all current Foundation and Affiliate bank and investment accounts. Please ensure that this information is sent to Thomas.zhou@cuny.edu.
- Provide the Office of Risk, Audit and Compliance with the written acknowledgements as required by Section XI.C.2 (third bullet point) of the Guidelines from all current directors and officers. Note that Directors and officers may provide such acknowledgements as part of their annual conflict of interest disclosure statements. The written acknowledgements should be sent to RAC's Compliance and Enterprise Risk Management unit at RAC@cuny.edu.
- Ensure that the college has provided the University Office of Budget and Finance with the name of the current audit firm(s) for the Foundation and each Affiliate, and that the Foundation is in compliance with the auditor rotation requirements of the Guidelines.

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- Ensure that pursuant to the CUNY Non-Tax Levy Funds Policy, the Foundations' use of unrestricted gifts or other unrestricted revenues is in compliance with the All Funds Expense Matrix, and such use is reported annually within the college's [Non-Tax Levy Report](#), certified by the President.

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If you have any questions regarding interpretation or implementation of the Guidelines, please contact Jane Davis in the Office of General Counsel at jane.davis@cuny.edu.

cc: Cabinet Members
Council of Advancement Officials
LADs
Vice Presidents of Finance and Administration
Business Managers

Enclosure