

3.2.13

Governance and Administration: Institution-related foundations

For any entity organized separately from the institution and formed primarily for the purpose of supporting the institution or its programs, (1) the legal authority and operating control of the institution is clearly defined with respect to that entity; (2) the relationship of that entity to the institution and the extent of any liability arising out of that relationship is clearly described in a formal, written manner; and (3) the institution demonstrates that (a) the chief executive officer controls any fund-raising activities of that entity or (b) the fund-raising activities of that entity are defined in a formal, written manner which assures that those activities further the mission of the institution.

Judgment

Compliant Non-Compliant Not Applicable

Narrative

Note: Text for all linked documents below can be increased/decreased for ease of reading by pressing your keyboard's Ctrl key while rotating the mouse wheel

Angelo State University recognizes the value of working with private nonprofit organizations to help the institution achieve its goals. The institution has established policies and procedures to ensure that its relationships with outside organizations are conducted in alignment with the ASU mission, state law, and *The Principles of Accreditation* of the Southern Association of Colleges and Schools.

LEGAL AUTHORITY AND OPERATING CONTROL

As a component institution of the Texas Tech University System (TTU System), ASU is governed by the Board of Regents of the TTU System (Core Requirement 2.2, Governing board). As described in *The Rules and Regulations of the Board of Regents of the Texas Tech University System*, the board and the principal officers of the TTU System have fiduciary responsibilities in the administration of all funds subject to the control and management of the TTU System (Section 07.01, *Regents' Rules*; see also Comprehensive Standard 3.2.2, Legal authority: governing board control and Comprehensive Standard 3.10.4 Control of finances). The Board of Regents has designated the president of ASU as the chief executive officer of the institution (Section 02.04.1, *Regents' Rules*) and has charged the president with (1) working actively to ensure that the institution secures sufficient financial resources from public and private sources to achieve its goals and objectives and (2) engaging in "fundraising activities that increase the institution's endowment and address the needs of all the institution's schools and colleges" (Section 02.04.2.k, *Regents' Rules*).

The president is assisted in these responsibilities by the vice president for development and alumni relations. The vice president oversees all fundraising for the university, including annual campaigns, major and planned gifts, and corporate and foundation support. As specified in ASU OP 32.06, Office of Development's Relationships and Responsibilities, "The Office of Development is responsible for soliciting, coordinating, approving, and reporting all fundraising from the private sector. This includes both projects

and proposals initiated by the Office of Development and those initiated elsewhere in ASU and its related corporate entities." The Office of Finance and Administration works in collaboration with the Office of Development to "establish the procedures used for accounting and disbursement of all gifts. The vice president for finance and administration has the authority and responsibility for approving the procedures used for receipting, accounting, and disbursement of all funds handled by ASU employees." Both the vice president for development and alumni relations and the vice president for finance and administration report directly to the ASU president (ASU OP 01.03, Organization of Angelo State University and ASU Organization Chart). Additional information about the president's role in overseeing fundraising activities at ASU is provided in Comprehensive Standard 3.2.12, CEO control over fundraising activities.

The institution's definition of an affiliated organization explicitly requires any such organization to be a "not-for-profit organization...that is legally distinct from the university but has purposes that benefit or are otherwise related to the university's mission." ASU requires each affiliated organization to define its purpose, organization, and fundraising activities in formal written documents, including, as applicable, a memorandum of understanding, fiduciary agreement, annual audit report and findings, articles of incorporation or bylaws, IRS Form 990, list of the board of directors, and conflict of interest forms signed by members of the board of directors (ASU OP 14.13, Affiliated Organizations).

ACTIVE AFFILIATED ORGANIZATIONS

ASU maintains formal written agreements with six active affiliated organizations, as summarized below.

Angelo State University Foundation, Inc.

The Angelo State University Foundation is a privately incorporated 501(c)(3) nonprofit organization created to support and promote Angelo State University (Bylaws of Angelo State University Foundation, Inc.). The ASU Foundation mission statement, which includes "positioning Angelo State as an institution of distinction" and "raising funds on behalf of the University," is consistent with the ASU Mission.

The ASU Foundation has a memorandum of understanding with the university that clearly describes the relationship between ASU and the foundation and addresses the liability associated with that relationship. The independent responsibilities of each organization are defined in the memorandum in Section 3, Foundation Obligations, and Section 4, ASU's Obligations. As stated in Section 3, "the foundation Board of Directors and its officers are legally responsible for the management and control of all affairs and corporate activities related to the foundation." The foundation is obligated to look to the university "for determination of specific needs which the Foundation may consider as part of any fund solicitation" (ASU/ASU Foundation memorandum of understanding March 11, 2008). The purpose and responsibilities of the foundation in relationship to ASU are also defined in ASU OP 32.06, Office of Development's Relationships and Responsibilities.

Angelo State Athletic Foundation

The Angelo State Athletic Foundation (ASAF) is a public nonprofit organization established to provide financial support to the Angelo State Athletic Department. The foundation has a memorandum of

understanding with the university that clearly describes the relationship between ASU and the foundation and addresses the liability associated with that relationship. The independent responsibilities of each organization are defined in the memorandum in Section 3, Foundation Obligations, and Section 4, ASU's Obligations. As stated in Section 3, "the ASAF Board of Directors and its officers are legally responsible for the management and control of all affairs and corporate activities related to the ASAF." In addition, the foundation is obligated to "look to the University and/or Athletic Department for determination of specific needs which the ASAF may consider as part of any fund solicitation" (ASU/ASAF memorandum of understanding November 14, 2008). In accordance with ASU OP 20.02, Intercollegiate Athletics, the president of ASU provides direction to the athletic department to ensure compliance with all applicable rules, regulations, bylaws, and laws governing intercollegiate athletics.

The primary purpose of the ASAF is to provide funding for recruiting, equipment, and other necessities to operate a National Collegiate Athletic Association (NCAA) athletics program. The foundation is "designated as the preferred depository of private gifts and grants for the benefit of the athletic department and shall be responsible for managing all the assets within its control" (ASU/ASAF memorandum of understanding November 14, 2008, p. 2, Section 5.01).

In accordance with the ASAF bylaws, "The affairs of the Foundation shall comply with the NCAA and Lone Star Conference rules and regulations, and all policy and affairs shall be in conformity with the general policies of Angelo State University and the Texas Tech University System" (Angelo State Athletic Foundation Bylaws, May 20, 2010, Article III).

ASU Friends of Art and Music Education

The ASU Friends of Art and Music Education (FAME) is a nonprofit organization established to provide scholarship support for students majoring in art or music at ASU. The organization has a memorandum of understanding with the university that clearly describes the relationship between ASU and FAME and addresses the liability associated with that relationship. The independent responsibilities of each organization are defined in the memorandum in Section 3, Foundation Obligations, and Section 4, ASU's Obligations. As stated in Section 3, "the foundation Board of Directors and its officers are legally responsible for the management and control of all affairs and corporate activities related to the foundation" (ASU/FAME memorandum of understanding March 15, 2010). According to the FAME bylaws, "all remaining proceeds (after operating costs) shall be used exclusively to benefit the Angelo State University Department of Art and Music" (ASU Friends of Art and Music Education Bylaws, Article X).

Friends of the Porter Henderson Library and West Texas Collection

The purpose of the Friends of the Porter Henderson Library and West Texas Collection (Friends) organization is "to maintain an association of persons interested in the Porter Henderson Library and West Texas Collection; to focus public attention on resources and services; to receive and encourage gifts, endowments and bequests to the Library and Collection; [and] to support and cooperate with the Library and Collection in developing library services and facilities for the community and the University" (Friends of the Porter Henderson Library and West Texas Collection Bylaws, September 1, 1997). The organization has a memorandum of understanding with the university that clearly describes the relationship between

ASU and the Friends and addresses the liability associated with that relationship. The independent responsibilities of each organization are defined in the memorandum in Section 3, Friends Obligations, and Section 4, ASU's Obligations. As stated in Section 3, "the foundation Board of Directors and its officers are legally responsible for the management and control of all affairs and corporate activities related to the foundation" (ASU/Friends memorandum of understanding September 1, 2010).

Angelo State University Alumni Association

The purpose of the Angelo State University Alumni Association is to provide an organized means through which alumni may contribute their financial and moral support to the continued growth and development of ASU (Angelo State University Alumni Association Bylaws). The organization has a memorandum of understanding with the university that clearly describes the relationship between ASU and the ASU Alumni Association and addresses the liability associated with that relationship. The independent responsibilities of each organization are defined in the memorandum in Section 3, Association Obligations, and Section 4, ASU's Obligations. As stated in Section 3, "the Association Board of Directors and its officers are legally responsible for the management and control of all affairs and corporate activities related to the Association" (ASU/ASU Alumni Association memorandum of understanding June 28, 2012).

Carr Foundation

The Carr Foundation is a public nonprofit organization established to provide financial assistance for the benefit of ASU students from earnings on endowed funds. The foundation was established from a trust given by Robert and Nona Carr at a time when ASU was still a member of the Texas State University System. As described in Paragraph VIII, Section B of the Testamentary Trust, "The duly appointed and acting members of the Board of Regents, Texas State University System, shall be the Trustees of the trust estate created herein; and any duly appointed and acting successor members of the Board of Regents, Texas State University System, shall thereupon be the successor Trustees of said trust estate. If Angelo State University, or its successor institution, shall be under the management and control of a successor board or some other named board or governing body, which is different from the Board of Regents, Texas State University System, then in such event the members of such successor board or governing body shall constitute the successor trustees of the trust created herein for Angelo State University or its successor institution" (Carr Foundation Policies, Operating Principles, and Procedures). In accordance with these provisions, the Board of Regents of the Texas Tech University System became the governing body for the foundation when ASU joined the TTU System in 2007.

The Carr Foundation has a memorandum of understanding with the university that clearly describes the relationship between ASU and the foundation and addresses the liability associated with that relationship. The independent responsibilities of each organization are defined in the memorandum in Section 3, Foundation Obligations, and Section 4, ASU's Obligations. As stated in Section 3, "the foundation Board of Directors and its officers are legally responsible for the management and control of all affairs and corporate activities related to the foundation" (ASU/Carr Foundation memorandum of understanding May 1, 2009).

RECENTLY DISSOLVED AFFILIATED ORGANIZATIONS

Two additional organizations affiliated with the university were recently dissolved, as summarized below.

College of Business and Professional Studies Foundation for Excellence

The College of Business and Professional Studies Foundation for Excellence was established in 2002 to support the activities and services of the ASU College of Business, which was previously named the College of Business and Professional Studies (Bylaws of College of Business and Professional Studies Foundation for Excellence, Angelo State University, 2002). The foundation was terminated effective August 6, 2010, and the foundation assets were relocated to a university-managed account, as indicated in the foundation's Certificate of Termination.

Houston Harte Foundation for Angelo State University, Inc.

The Houston Harte Foundation for Angelo State University, Inc. was organized to benefit ASU "by providing funds to aid in the operation, maintenance, functions, activities, services and building programs, and in general to aid in all the endeavors of [ASU]" (Houston Harte Foundation for Angelo State University, Inc. Bylaws, Amended February 20, 2008). The foundation signed a letter of understanding with the ASU Foundation stating its intent to dissolve the Houston Harte Foundation and distribute all of its assets to the ASU Foundation. The fund to be created by this distribution is to be known as the Houston Harte Foundation Endowment (ASU Foundation/Houston Harte Foundation letter of understanding September 2, 2011).