

MEMORANDUM OF UNDERSTANDING BETWEEN  
THE UNIVERSITY OF ILLINOIS AND  
THE UNIVERSITY OF ILLINOIS FOUNDATION

THIS AGREEMENT, entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_, by and between the Board of Trustees of the University of Illinois (hereinafter called “University”) and the University of Illinois Foundation (hereinafter called “Foundation”).

The Foundation is a not-for-profit 501(c)(3) corporation responsible for encouraging and administering private gifts made to further the University’s mission. Although the Foundation is a separate legal entity from the University, the Foundation’s sole reason for existence is to promote the interest and welfare of the University. The Foundation is a University Related Organization (“URO”), and therefore subject to Section VI of the Legislative Audit Commission Guidelines. The Foundation’s use of the name “*University of Illinois Foundation*” is consistent with the LAC Guidelines.

Since it was established in 1935, the Foundation has been a major factor in the University’s private gifts program which, since the first gift was received in 1895, has recorded more than \$2.3 billion in private support to the Foundation and the University. Support through contributions is received from alumni, friends, corporations, associations, private foundations and other sources.

In serving as the official private gift-procurement arm of the University, the Foundation, in partnership with the University, develops fundraising programs and makes known the opportunities where private support can assist in fulfilling the University’s goals.

The Foundation receipts and acknowledges private gifts and directs them to the specific area or project within the University as designated by the donor. When funds are designated, the Foundation acts in a fiduciary capacity, expending money as required by the terms of the gift. Unrestricted gifts are administered by the Foundation Board of Directors in consultation with University officials to provide the greatest flexibility in day-to-day Foundation and University operations and to meet unanticipated needs. The Foundation acts as custodian for endowed funds and serves in other fiduciary capacities when gifts are made through planned giving arrangements.

In consideration of the mutual commitments herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

**I. Foundation Name, Seal and Logotype**

- A. Consistent with its mission to help advance the plans and objectives of the University, the Foundation is licensed the use of the name, University of Illinois; however, the Foundation will operate under its own seal and logotype.

**II. University Governance**

- A. The Board of Trustees of the University is responsible for overseeing the mission, leadership, and operations of the University.
- B. The Board of Trustees is responsible for setting priorities and long-term plans for the University.

- C. The Board of Trustees is legally responsible for the performance and oversight of all aspects of University operations.
- D. The Board of Trustees is responsible for the employment, compensation, and evaluation of all University employees, including the University President except as provided in Section V.B.

### **III. The Foundation's Relationship to the University**

- A. The Foundation is a separately incorporated 501(c)(3) non-profit organization created to raise, manage, distribute, and steward private resources to support the various missions of the University.
- B. The Foundation's Board of Directors is responsible for the control and management of all assets of the Foundation, including the prudent management of all gifts consistent with donor intent.
- C. The Foundation is responsible for the performance and oversight of all aspects of its operations based on a comprehensive set of bylaws that clearly address the board's fiduciary responsibilities, including expectations of individual board members based upon ethical guidelines and policies.
- D. The Foundation is responsible for the employment, compensation, and evaluation of all its employees, including the Foundation President.

### **IV. The University's Relationship to the Foundation**

- A. The University President is responsible for communicating University priorities and long-term plans, as approved by the Board of Trustees, to the Foundation.
- B. The University President and campus leadership will work, in conjunction with the Foundation, to identify, cultivate, and solicit prospects for private gifts.
- C. The University recognizes that the Foundation is a private corporation with the authority to keep all records and data confidential consistent with the law.
- D. The University shall establish and enforce policies that support the Foundation's ability to respect the privacy and confidentiality of donor records.
- E. Pursuant to the Foundation's bylaws, the Board of Trustees chair, or designee, is an *ex officio*, non-voting member of the Foundation Board of Directors and standing committees.
- F. The Foundation President shall be included as an *ex officio* member of the University Policy Council and senior administrative team of the University President.
- G. The University shall include the Foundation as an active and prominent participant in the strategic planning for the University.

- H. Pursuant to the Foundation's bylaws, the University President is an *ex officio* non-voting member of the Foundation Board of Directors and standing committees. In addition, the University President shall assume a prominent role in fund-raising activities.
- I. In consideration for Foundation services, the University will provide the Foundation with fair and reasonable compensation or payment for services. The amount of compensation will be negotiated on an annual basis by June 30<sup>th</sup> of the preceding year. In consideration of Foundation services, the University will also provide in-kind support including staff, office space, and technology.
- J. The University affirms that the Foundation shall have access to and use of Harker Hall until at least July 1, 2022, as per the letter agreement between the University and the Foundation dated April 29, 1992.
- K. The Comptroller of the University serves as Treasurer of the Foundation. The Treasurer and any elected Assistant Treasurer shall have defined roles and responsibilities as provided for in the Bylaws of the Foundation or otherwise authorized by the Foundation's Board of Directors.
- L. University Counsel serves as legal counsel to the Foundation and its Board of Directors unless a conflict exists requiring the Foundation or its Board of Directors to engage independent legal counsel.

#### **V. Shared Responsibilities**

- A. The University and the Foundation shall create an environment conducive to increasing levels of private support for the mission and priorities of the University.
- B. In a limited number of situations, certain employees have joint appointments and dual reports to the University and Foundation (e.g., Vice Chancellor/UIF Vice President). In such situations, the University and the Foundation have joint responsibility for the employment, compensation, and evaluation of those employees.
- C. In partnership, University leadership and Foundation leadership are responsible for planning and executing comprehensive fund-raising and donor-acquisition programs in support of the University's mission. These programs include annual giving, principal and major gifts, planned gifts, corporate and foundation philanthropic support, special projects, and campaigns as appropriate.
- D. The University and Foundation shall be responsible for ensuring the appropriate recognition and stewardship of all gifts received.

## VI. Foundation Responsibilities

### A. Fundraising and Stewardship

1. Notwithstanding the provision of Section IV.B, the Foundation shall remain responsible for managing prospect clearance and coordinating of principal and major gift solicitations to ensure approaches made to potential donors are appropriate.
2. The Foundation will establish, adhere to, and periodically assess its gift-management and acceptance policies. It will promptly acknowledge and issue receipts for all gifts on behalf of the Foundation and the University.
3. The Foundation shall 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.
4. The Foundation shall be responsible for, and custodian of, all donor records and shall establish and enforce policies to protect donor confidentiality and rights.

### B. Asset Management

1. The Foundation will establish asset-allocation, disbursement, and spending policies that adhere to applicable federal and state laws, including the Uniform Prudent Investor Act (UPIA) and the Uniform Management of Institutional Funds Act (UMIFA).
2. The Foundation will receive, hold, manage, invest, and disperse contributions of cash, securities, 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.
3. The Foundation will cooperate fully with the Auditor General annually to conduct an audit of the Foundation's financial and operational records and will provide the University with a copy of the annual audited financial statements, including management letters.
4. The Foundation may engage an independent accounting firm annually to conduct an audit of the Foundation's financial and operational records and will provide the University with a copy of the annual audited financial statements, including management letters.

### C. Institutional Flexibility

1. The Foundation will explore current opportunities, including possible acquisition and management of real estate for the benefit of the University for future allocation, transfer, or use.
2. The Foundation may serve as an instrument for entrepreneurial activities for the benefit of the University and engage in such activities as purchasing, developing, or managing real estate to further University expansion, student housing, or retirement communities. It also may hold licensing agreements and other forms of intellectual property, borrow or

guarantee debt issued by their parties, or engage in other activities to increase Foundation revenue.

3. When distributing gift funds to the University, the Foundation will disclose any terms, conditions, or limitations imposed by donor or legal determination on the gift. The University will abide by such restrictions and provide appropriate documentation.

#### D. Transfer of Funds

1. The Foundation is the primary depository of private gifts and will transfer funds to the designated entity within the institution in compliance with applicable laws, University policies, and gift agreements.
2. The Foundation's disbursements on behalf of the University must be reasonable business expenses that support the institution, are consistent with donor intent, and do not conflict with the law.

#### E. Foundation Funding and Administration

1. The Foundation is responsible for establishing a financial plan to underwrite the cost of Foundation programs, operations, and services.
2. In establishing a financial plan, the Foundation has the right to use a reasonable percentage of its unrestricted funds, assess administrative fees for services, to support its operations in addition to payments received, whether direct or in-kind, under terms of an annual service contract with the University.
3. In establishing a financial plan, the Foundation will provide for necessary office space, computer and telephone systems, utilities, adequate personnel, office supplies, and other such services that may be necessary or required to fulfill its responsibilities and obligations.
4. The Foundation shall maintain copies of the plans, budgets, and donor records developed in connection with the performance of its obligations.
5. The Foundation will provide access to financial data and records to the University. The Foundation will also provide copies of its annual report and other information that may be publicly released.
6. The Foundation will provide access to donor data and records in accordance with established University and Foundation policies and procedures and mindful of applicable laws.

### **VII. Terms of the Memorandum of Understanding**

This Memorandum of Understanding, made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between the University and the Foundation is intended to set forth policies and procedures that will contribute to the coordination of their mutual activities.

- A. To ensure effective achievement of the items of this Agreement, the University and Foundation representatives shall hold periodic meetings to foster and maintain productive relationships and to ensure open and continuing communications and alignment of priorities.
- B. Consistent with provisions appearing in the Foundation's bylaws and its articles of incorporation, should the Foundation cease to exist or cease to be an Internal Revenue Code 501(c)(3) organization, the Foundation will transfer its assets and property to the University, to a reincorporated successor foundation, or to the state or federal government for public purposes, in accordance with the Foundation's Articles of Incorporation law and donor intent.

IN WITNESS WHEREOF, the parties have caused this Memorandum of Understanding to be executed by their duly authorized officers as of the day and date first above written.

\_\_\_\_\_  
 Chair  
 The Board of Trustees of the University  
 of Illinois  
 Date: \_\_\_\_\_

\_\_\_\_\_  
 Chair  
 Board of Directors, University of  
 Illinois Foundation  
 Date: \_\_\_\_\_

\_\_\_\_\_  
 President  
 University of Illinois  
 Date: \_\_\_\_\_

\_\_\_\_\_  
 President  
 University of Illinois Foundation  
 Date: \_\_\_\_\_

\_\_\_\_\_  
 Comptroller  
 The Board of Trustees of the University  
 of Illinois  
 Date: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
 Secretary  
 The Board of Trustees of the University  
 of Illinois  
 \_\_\_\_\_  
 Date

\_\_\_\_\_  
 Secretary  
 Board of Directors, University of  
 Foundation  
 \_\_\_\_\_  
 Date

SEAL

Approved As To Legal Form

\_\_\_\_\_  
 University Counsel