

## **The Campanile Foundation Governance Handbook**



THE  
CAMPANILE  
FOUNDATION

*Supporting San Diego State University*

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# Roles and Responsibilities of The Campanile Foundation

## 1. Internal Governance Structures

- **Board of Directors:**
  - **Role and Responsibilities:** The Board of Directors is responsible for the overall governance of The Campanile Foundation (TCF). The board sets the strategic direction, approves major policies, oversees the foundation's financial health, and ensures that the organization fulfills its mission. The board members are fiduciaries, ensuring that all actions and decisions are made in the best interests of the foundation and its stakeholders. They also bear **fiduciary duty**, which includes legal responsibility, liability exposure, and the ethical management of the foundation's assets.
- **Finance and Investment Committee:**
  - **Role and Responsibilities:** The Finance and Investment Committee assists the Board with all investment-related matters, including investment policy, investment manager selection, and monitoring for the assets of TCF. The Committee is also responsible for monitoring the annual operating budget performance and then communicating results to the Board of Directors. The members of the Finance and Investment Committee are fiduciaries of these investments and will discharge their duties on behalf of the Board of Directors and consistent with Section 4.1 of the Bylaws.
- **Audit Committee:**
  - **Role and Responsibilities:** The Audit Committee is responsible for retaining, setting the compensation, and pre-approving the scope of work of the independent auditor. The committee reviews and recommends to the Board of Directors whether to accept the report of the auditor and ensures that any non-audit services performed by the auditing firm conform to applicable standards for auditor independence. It also oversees the presentation and review of audited financials in compliance with the California Nonprofit Integrity Act of 2004. Additionally, the Audit Committee reviews the Foundation's tax returns, including IRS Form 990, to ensure accuracy, compliance with applicable laws, and alignment with the Foundation's financial reporting standards.
- **Executive Committee:**
  - **Role and Responsibilities:** The Executive Committee acts on behalf of the Board of Directors between regular board meetings. This committee oversees the implementation of board policies, makes decisions on urgent matters, and ensures that the foundation's operations align with its strategic goals. The Executive Committee is composed of key board officers, including the Chair, Vice Chairs, Secretary, and Treasurer, along with other members as determined by the board.
- **Nominating and Governance Committee:**
  - **Role and Responsibilities:** This committee is responsible for nominating qualified candidates for the Board of Directors, evaluating the organizational structure of the Foundation, and making recommendations to improve overall governance. It reviews



research profiles for board candidates and makes recommendations for election to the full Board.

- **Special Committees:**

- **Role and Responsibilities:** Special committees may be established by the Board when needed to address specific tasks or issues. These committees are formed through a resolution by the Board and have powers and duties as delegated by the Board. Each special committee consists of two or more Directors.

- **Self-Dealing Transactions:**

- **Role and Responsibilities:** The bylaws provide detailed guidelines for handling potential self-dealing transactions involving board members. These guidelines include disclosure requirements, approval processes, and remedies for improper transactions. This ensures that decisions are made in the best interest of TCF and prevents conflicts of interest.

## 2. Contracted Service Providers

- **External Auditor:**

- **Role and Responsibilities:** The external auditor performs an independent audit of TCF's financial statements, ensuring compliance with generally accepted accounting principles (GAAP) and applicable regulations. They provide an unbiased opinion on the accuracy and fairness of the financial statements, which is critical for maintaining transparency and trust with donors and stakeholders. The Foundation must have its financial statements audited annually by a certified public accountant, and these audited financials must be presented and reviewed in compliance with relevant regulations, including the **California Nonprofit Integrity Act of 2004**.

- **Tax Preparer:**

- **Role and Responsibilities:** The tax preparer is responsible for preparing and filing the foundation's tax returns, such as the IRS Form 990, ensuring compliance with federal and state tax laws. They help manage tax-related risks and ensure that TCF adheres to all tax-related reporting requirements to maintain its tax-exempt status.

- **Legal Counsel:**

- **Role and Responsibilities:** The legal counsel ensures that TCF complies with all applicable laws and regulations, including those specific to California State University (CSU) auxiliary organizations. They provide legal advice to the Board and committees on a range of issues, including contracts, governance, fiduciary duties, risk management, and compliance with state and federal regulations. Legal counsel also plays a role in reviewing and advising on the organization's Operating Agreement and Memorandum of Understanding (MOU) with the CSU, ensuring that TCF's operations are legally sound and aligned with CSU policies.



### 3. Campus-Level Oversight

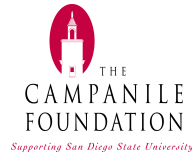
- **Campus President:**
  - **Role and Responsibilities:** The Campus President is responsible for the integrity of financial reporting and the propriety of expenditures made by campus auxiliary organizations. The President must ensure that all operations comply with CSU and campus policies, exercising prudent judgment in the utilization and oversight of these organizations. Additionally, the Campus President oversees the **Operating Agreement** and **MOU** with the CSU, which define the scope of operations and contractual obligations of the foundation.
- **Campus Chief Financial Officer:**
  - **Role and Responsibilities:** The Campus Chief Financial Officer (CFO) is the primary responsible campus official for administrative compliance by and fiscal oversight of campus auxiliary organizations, ensuring that they operate in a fiscally responsible manner.

### 4. CSU System-Level Oversight

- **Board of Trustees and Chancellor's Office:**
  - **Role and Responsibilities:** CSU auxiliary organizations, including TCF, are governed by regulations established by the CSU Board of Trustees, delegated through the Chancellor, and further implemented at the campus level. These regulations are outlined in Title 5 of the California Code of Regulations. Oversight is structured through a **Ladder of Governance**, which includes statutory laws, CSU regulations, Trustee Resolutions, Chancellor's Executive Orders, and campus-specific practices.
- **CSU System Reporting Requirements:**
  - **Role and Responsibilities:** TCF must comply with CSU system-wide reporting requirements, including the submission of annual audited financial statements. These reports are reviewed by the CSU Board of Trustees to ensure that the Foundation operates within the legal and financial framework established by the CSU.

### 5. State Public Institution Laws in California

- **California Education Code and Title 5 Regulations:**
  - **Role and Responsibilities:** These laws and regulations govern the operations of CSU auxiliary organizations. They ensure that organizations like TCF operate within the legal framework established by the state, covering aspects such as financial management, transparency, and governance.
- **McKee Transparency Act:**
  - **Role and Responsibilities:** The McKee Transparency Act requires that records maintained by a CSU auxiliary organization be available for public inspection, ensuring transparency in the use of funds. Through the McKee Transparency Act and other public



disclosure laws, the community, including donors and the general public, can review the financial health and activities of TCF, providing external accountability.

## 6. State Nonprofit Laws in California

- **California Nonprofit Corporation Law:**
  - **Role and Responsibilities:** Governs the formation, operation, and dissolution of nonprofit corporations in California. This includes provisions on governance, fiduciary duties of directors, conflict of interest, and self-dealing transactions.
- **California Nonprofit Integrity Act of 2004:**
  - **Role and Responsibilities:** This act requires nonprofits with gross revenues of \$2 million or more to present and review their audited financial statements with an Audit Committee. It ensures transparency and accountability in the financial operations of large nonprofit organizations.
- **California Attorney General's Oversight:**
  - **Role and Responsibilities:** The California Attorney General oversees nonprofit organizations to ensure they comply with state laws and fulfill their charitable purposes. Nonprofits are required to register with the Attorney General's Registry of Charitable Trusts and submit annual filings.
- **California Probate Code (for Charitable Trusts):**
  - **Role and Responsibilities:** If endowment funds are managed as charitable trusts, the California Probate Code governs their administration, ensuring fiduciaries manage trust assets in the best interests of the beneficiaries and the charitable purpose of the trust.

## 7. Federal Laws in the US

- **Internal Revenue Code (IRC):**
  - **Role and Responsibilities:** The IRC governs federal tax-exempt status under Section 501(c)(3), ensuring that nonprofits like TCF comply with federal tax laws, including regulations on unrelated business income, lobbying activities, and political activities.
- **Uniform Prudent Management of Institutional Funds Act (UPMIFA):**
  - **Role and Responsibilities:** UPMIFA provides guidelines for managing and investing endowment funds, emphasizing prudent spending and investment practices. It requires that decisions regarding endowment funds consider the long-term preservation of the fund, liquidity needs, general economic conditions, and expected return from income and appreciation.

## 8. Donor and Beneficiary Oversight

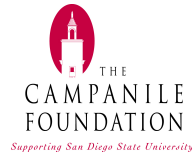
- **Donor Agreements and Restrictions:**
  - **Role and Responsibilities:** Donors may impose specific restrictions on the use of their gifts, particularly with endowments. These restrictions must be honored by TCF and serve as a form of oversight, ensuring that funds are used according to the donor's intentions.
- **Beneficiary Reporting:**
  - **Role and Responsibilities:** TCF may be required to report back to beneficiaries or donor families on the use of funds, providing another layer of accountability.

## 9. Community and Public Oversight

- **Public Meetings:**
  - **Role and Responsibilities:** The Foundation is required to conduct its Board and standing committee meetings in public, with specific exceptions (e.g., litigation, employment matters, investment discussions). Public notice of these meetings must be provided, ensuring transparency and accountability.
- **Media and Public Scrutiny:**
  - **Role and Responsibilities:** Nonprofits like TCF are subject to scrutiny by the media and the public, particularly regarding how they handle funds.

## 10. Industry Standards and Best Practices

- **Professional Associations and Accreditation:**
  - **Role and Responsibilities:** Membership in professional organizations such as the Auxiliary Organizations Association (AOA), the Council for Advancement and Support of Education (CASE), and the California Association of Nonprofits, along with maintaining professional licenses like Certified Public Accountant for staff, plays a crucial role in enhancing TCF's governance. These affiliations provide access to industry standards, best practices, and professional development opportunities, which help ensure that TCF operates with transparency, accountability, and adherence to the highest ethical and operational standards.



## 11. Ethical Guidelines and Self-Regulation

- **Code of Ethics and Conduct:**
  - **Ethical Standards and Conflict of Interest:** Section 4.25 of the bylaws details the procedures related to **Self-Dealing Transactions**, emphasizing the requirements for board approval, the burden of proof on interested directors, and the consequences of not adhering to these standards. This section aligns with maintaining high ethical standards, particularly concerning conflicts of interest.
  - **Fiduciary Responsibilities:** Section 4.5 discusses **Financially Interested Directors**, including the disclosure of financial interests, approval of transactions, and the standard of care required in decision-making processes. This section underscores the fiduciary responsibilities of directors, ensuring decisions are made in the best interests of the Foundation.
- **Officers:**
  - **Role and Responsibilities:** The officers of TCF play a crucial role in ensuring adherence to ethical guidelines and self-regulation mechanisms. Their specific roles include:
    - **Chair of the Board:** Presides at all meetings of the Board, oversees the Board's operations, and ensures that all activities align with the ethical and governance standards set forth by the Foundation.
    - **President and Chief Executive Officer (CEO):** Acts as the general manager and chief corporate officer of the Foundation, with overall responsibility for the supervision, direction, and control of the business and officers of the Foundation. The CEO is responsible for ensuring that the operations align with both the ethical standards and strategic goals of the Foundation.
    - **Secretary:** Maintains accurate records of the Foundation's meetings and actions, ensuring transparency and accountability. The Secretary also manages the Foundation's corporate records and ensures that all meetings and actions comply with legal and regulatory requirements.
    - **CFO:** Manages the Foundation's financial affairs, including maintaining accurate accounts, overseeing disbursement of funds, and providing financial reports. The CFO ensures that all financial operations comply with ethical standards, regulatory requirements, and the Foundation's internal policies.
- **Self-Regulation Mechanisms:**
  - **Role and Responsibilities:** TCF establishes internal mechanisms for self-regulation, such as whistleblower policies and regular oversight by the Board and its officers, to monitor adherence to ethical guidelines. The officers, particularly the Chair, CEO, Secretary, and CFO, play key roles in implementing and overseeing these mechanisms, ensuring that the Foundation remains compliant with both internal and external regulations.