

Note: Deleted materials are in [brackets]. New material is underlined.

Section 10. UCCSN and Member Institution Foundations Administrative and Accounting Guidelines Introduction

Each member institution foundation has been duly established as a non-profit corporation under the statutes of the State of Nevada exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. The members of the Board of Regents are corporate members of each foundation with responsibility to approve the appointment of the members of the Boards of Trustees of the foundations, assure the people of the State of Nevada that they will avoid any conflicts with their powers as outlined in the Board of Regents Handbook, Title 1, Article III Section 3, and manage and control the UCCSN. Each corporation must act within the bounds of its purpose and authority as defined by its Articles of Incorporation and Bylaws and in accordance with the policies of the Board of Regents, the laws of the State of Nevada, and the Internal Revenue Code.

The following guidelines also apply to foundations or other fund raising groups, which are not "member institution" foundations as described above, but which have been established to raise funds PRIMARILY for the institutions OR PROGRAMS within the UCCSN. Other fundraising groups may request of a "member institution" foundation to fall under their umbrella to assure compliance with the foregoing guidelines. Being under the umbrella of a "member institution" foundation will be defined by that foundation and at a minimum will include processing all receipts and disbursements through the foundation in accordance with foundation and Board of Regents guidelines. Only those fund raising groups that comply with these guidelines will be approved by the Board of Regents to use the name of the institution or the System in their legal names or in their stationery or publications. (B/R 8/94)

To provide the Board of Regents reasonable assurance that its obligations to the people of Nevada are fulfilled, responsibility for the following administrative and accounting guidelines is delegated to the management of each of the foundations, the president of each institution, and to the Chancellor. The Board of Regents specifically reserves the right to examine the books and records of the foundations as part of its responsibility to the State of Nevada and to reject any contract entered into by the foundation, which obligates any institution.

To provide adequate control and oversight, the institution Chief Financial Officer shall perform the duties of Treasurer of the fund raising groups which are not "member institution" foundations and shall attend all foundation meetings.

A. INSTITUTIONAL ADMINISTRATION

1. Compliance with Institutional Goals.

The President shall have the responsibility to see that the gifts to the institution are in keeping with the goals, objectives and priorities of the institution and of the University and Community College System of Nevada UCCSN.

2. Internal Accounting Control.

The President of each institution shall be responsible for establishing and maintaining a system of internal accounting controls, which will provide the institution with reasonable assurance:

- a. that there is an objectively measurable separation of the foundation from the institution and that institutional assets are safeguarded against loss from unauthorized use or disposition;
- b. that transactions with the foundation are executed in accordance with Board of Regents' and institutional policies;
- c. that all transactions with the foundation are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles as promulgated by the [Financial] Governmental Accounting Standards Board[and the AICPA];
- d. that the institution does not use the foundation for the purpose of circumventing state policies or rules and regulations by engaging in activities or making expenditures which have been denied the institution for other than purely financial reasons and could not withstand public scrutiny;
- e. that the institution does not lend funds to the foundation;
- f. that the institution does not incur deficit cash positions with respect to foundation grants in excess of 30 days. Reasonable interest charges for such deficits may be negotiated.
- g. that the foundation will dispose of capital assets received as gifts as soon as is practical to do so.
- h. that the foundation will not invest in land, engage in joint ventures or invest in equity positions in privately held stocks that are not listed on the New York Stock Exchange (NYSE), National Association of Securities Dealers Automated Quotation (NASDAQ) or other nationally recognized stock market without the concurrence of both the institution President and Chief Financial Officer. Such

transactions must be reported to the Board of Regents at their next regularly scheduled meeting.

3. Compliance with NRS 281.481.

The institution has the responsibility to comply with NRS 281.481 which states that a public officer or employee shall not accept any salary, retainer, augmentation, expense allowance or other compensation from any private source for the performance of his duties as a public officer or employee.

4. Compliance with Foundation Gift and Grant Provisions.

Upon acceptance of funds from the foundations by the Board of Regents, the institution has the responsibility to manage the funds authorized by the foundations with the same care and compliance with the gift and grant provisions provided all other funds managed by the institution.

5. Contributions to the Foundation of Services, Assets, and Forgiveness of Indebtedness.

Particular attention should be given to the recording and presentation of donated and contributed services which must be recognized both as revenue and as properly classified expenditures when they meet the criteria of the AICPA and the Financial Accounting Standard's Board. Contributions are defined to include gifts in numerous forms such as cash, marketable securities, land, buildings, use of facilities, materials and supplies, and services provided by UCCSN employees. Unconditional promises to contribute such services or assets, in the future, are also defined as contributions for the purposes of this section. The Board of Regents' continued financial support of the foundations is predicated on compliance with these guidelines.

The President is responsible for submitting to the Board of Regents, for their approval prior to the beginning of the fiscal year, a budget, as defined by the Chancellor's Office, which shows:

- a. the total fiscal year budget of estimated expenses funded from all sources to support institutional development which includes salaries for staff, reporting directly or indirectly to the foundation on a full or part-time basis, and
- b. all contributions that are proposed to be made to the foundation from the institution. The contributions proposed to be made to the foundation represent development expenses and activities, which the institution would otherwise manage within the institution. In accordance with the Financial Accounting Standards Board and the AICPA, all contributions made must be stated at fair market value.

(B/R 5/94)

6. Compliance with Board of Regents Personnel Policies.

The institution is responsible for compliance with Board of Regents' policy requirements, as periodically amended and outlined in the Board of Regents' Handbook, including but not limited to the following:

- a. Title 4, Chapter 3 which applies to all professional staff paid for by the Board of Regents regardless of the funding source and whether or not their services have been contributed in total or in part to the foundation. Estimated amounts of all salaries, consulting fees, or perquisites donated in cash or in-kind by an institution foundation for institution employees are considered compensation within the meaning of the Board of Regents' Handbook citation. Perquisites must be submitted in advance in writing to the Board of Regents for approval and include automobiles and related expenditures, automobile allowances, host allowances, housing and related expenditures, memberships, dues, retirement funds, or any other compensation over and above the basic salary. The President will submit to the Board of Regents a schedule of these items, by employee, including the amount proposed to be donated on behalf of the employee prior to the beginning of the UCCSN fiscal year. Loans to institution employees are prohibited. All

payments must be made to the employee by and through the institution. Perquisites that are submitted in advance to the Board of Regents for payment to an employee throughout the year may be included as a one time grant to the institution even though payments are made in accordance with Board of Regents approval throughout the fiscal year.

- b. Title 4, Chapter 10, Section 18, applies to Host Accounts, which must be officially created by the Board of Regents from funds donated by a foundation. Unrestricted gifts from a foundation do not automatically include authority to incur hosting, entertainment or travel expenses, nor can an employee of the institution direct the use of foundation funds for these purposes.

(B/R 3/01)

B. FOUNDATION ADMINISTRATION

1. Financial Statements and Reporting. Annual financial statements will be prepared by the foundation. Unless specifically exempted by the Board of Regents, the financial statements must reflect compliance with all applicable state and federal laws and Board of Regents' policy, and they must include an unqualified opinion by an independent Certified Public Accountant. It is the goal of the Board of Regents to receive financial statements as soon as possible after the foundations' financial year-ends. A copy of the financial statements, management letter and the unaudited schedules referenced below should be forwarded to the Chancellor's Office no later than [four] three and one-half months after the foundations' financial year-end. The foundation, in cooperation with the independent audit firm, is to establish a materials deadline and work schedule in order to meet the Board of Regents' goal.

Each foundation within the UCCSN must be audited annually by a Nevada Licensed independent audit firm. The request by the Board of Regents for [auditing] audits of procedures is interpreted to mean general administrative practices and accounting principles [guidelines for foundations] to be used by foundation management in the preparation of the annual financial reports that the independent auditors will examine. All independent audits [firms] must be conducted in accordance [comply] with [their profession's]generally accepted auditing standards [procedures and guidelines issued by the American Institute of Certified Public Accountants].

The Board of Regents specifically requests advance notice if the [four] three and one-half month goal is not to be met along with a schedule stating when financial statements will be published. Management must present a written report responding to any internal accounting control weakness, comments on operations, or other observations of the independent Certified Public Accountant.

If the foundation desires an exemption from the [Certified Public Accountant] audit requirements it must be requested in writing, along with the reasons for the request and the alternatives offered to satisfy reporting requirements to the Board of Regents before the corporations' financial year-end.

2. Accrual Basis Accounting. Financial statements will be prepared on the accrual basis of accounting and in accordance with [the] generally accepted accounting principles of the [Financial]Governmental Accounting Standards Board [and the AICPA].
3. Gift and/or Grant Authorization Expenditures. The Financial statements should adequately categorize expenditures as either:
 - a. "Gift and/or grant authorization" also known as program expenditures which relate directly to the primary missions of the member institution, or

- b. "general administration" which include such costs as general administration, membership development and fund raising for the foundation.

Gift and/or grant authorization should include and identify donations from any foundation to any UCCSN institution. In addition, the annual financial statements shall present gifts and grant authorized, gifts and grants donated, and an unaudited summary schedule by foundation account of all grants authorized and accepted by the Board of Regents. The total of the schedule should agree with the total for program expenditures on the audited financial statements including the fair market prices for any in-kind transactions.

4. Expenditures of General Administration. The foundation will have expenditures for salaries, travel, fund raising, office supplies, investment management services and other costs necessary for the general administration of the foundation's affairs.

The annual financial statements shall present these general administrative expenses in a common format as determined in No. 5 below in an unaudited schedule. The total of the detail listing should agree with the total for general administrative expenditures on the audited financial statements. An additional unaudited schedule containing a list of the ten top payees of the foundation shall be included.

5. Common Format Reporting. All reports, statements, expense summaries and the like required to be prepared by the foundations for submission to the Board of Regents shall, to the extent possible, be in a common format. The Chancellor shall coordinate reporting and the establishment of such common formats.
6. Public Information and Open Meeting Law.

All reports, statements and expenditure summaries prepared for submission to the Board of Regents pursuant to this section shall be public records, available as such upon reasonable request.

All UCCSN foundations shall comply with the Nevada Statute requiring a university foundation to observe the state's open meeting law and the Open Record Law. The Open Record Law permits the protection of the names of contributors or potential contributors, the amount of contributions and any information, which may lead to the discovery of contributors.

7. Required Disclosure to Donors. Foundations shall make clear to prospective donors that the foundation is a tax-exempt non-profit organization and that all gifts are to be made payable to the Foundations. Each foundation shall in communicating with the donors or prospective donors use its own stationery clearly displaying its own corporate identity.

The foundation shall obtain from each donor a signed form stating that the gift is intended for the foundation and not the institution. If the donor subsequently

misdirects the check to the institution rather than to the foundation, this documentation from the donor will authorize the institution to issue an exchange check with the foundation. If the foundation does not disclose to the donor by printed or written material that a gift or the income from the gift is to be used for entertaining, hosting, travel, or employee perquisites, it must then obtain specific authorization from the donor to use the gift funds for such purposes.

The foundation shall administer any restricted gift to the foundation in accordance with the wishes of the donor and shall notify the donor if the foundation plans to delay, for any reason, the use of the restricted gift for its intended purpose.

8. Compliance with Board of Regents' Gifts and Grants Policy. The foundations will be required to comply with Board of Regents' policy requirements, as periodically amended and outlined in the Board of Regents' Handbook, including but not limited to the following:
 - a. Title 4, Chapter 10, Section 8 Approval, Announcement and Acknowledgment of Gifts and Grants. The foundation will comply with procedures for award of gifts and grants as defined by the Chancellor's office. The purpose of the chancellor's office procedure is to eliminate timing differences in the amount of gifts and grants awarded by the foundation as compared to and consistent with the reporting of gifts and grants by the Board of Regents and the institution. The internal controls practiced by the foundation and the integration of their gift and grant process with the institution's administrative controls and formal books and records are to be considered by the Chancellor's office in the procedural requirements.
9. Compliance with Reporting Procedures. All gifts and grants donated from any institution foundation to or on behalf of any UCCSN institution or its employees must be reported in accordance with procedures established by the Chancellor. The foundations are precluded from making direct expenditures to or on behalf of any UCCSN institution or its employees. All expenditures to or for the benefit of the UCCSN institution or its employees must be in the form of a gift or grant of money, sum certain, to the institution.

The advantage of this procedure is that foundations will thereby disburse funds only to institutions for gift and grant authorizations acceptable to the Board of Regents, and individual expenditures will occur within the established internal accounting controls of the UCCSN institutions.