

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.

The President of each UCCSN institution will be responsible for the activities of its "member institution" foundation and of all other 501(c)(3) organizations affiliated with the institution. Each President will appoint a senior administrator with financial expertise

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 Colleg

President. If such assets outside these categories are received as gifts, they may be retained if the President agrees to their appropriateness as investments. Such transactions must be disclosed to the Board of Regents Audit Committee at its next regularly scheduled meeting. If the President, on advice of the Chief Financial Officer, does not agree with the appropriateness of an investment or activity of the foundation, the President must report that activity to the Board of Regents at the 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

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

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.