

UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM

SECTION: University Advancement

NUMBER: 08.A.02

AREA: General

SUBJECT: Private Support Organizations and Foundations

1. PURPOSE

The Board of Regents recognizes the benefits private support organizations and foundations may bring to the institution and sets forth in [Board policy 32.06](#) the conditions to ensure the existence, purpose and operations of all support organizations and foundations are consistent with System governance. This is required by [Texas Government Code, Section 2255.001 et seq.](#) This document defines the procedures necessary for compliance with the Board's policy.

2. APPLICABILITY

The provisions of this administrative memorandum apply to the following organizations and foundations:

- 2.1. Foundation for Education and Research in Vision;
- 2.2. [Houston Cougar Foundation;](#)
- 2.3. [Houston Public Media Foundation;](#)
- 2.4. [UH College of Business Foundation;](#)
- 2.5. [UH Law Foundation;](#) ~~UH College of Business Foundation;~~
- 2.6. [University of Houston Alumni Association Foundation;](#)
- 2.7. [University of Houston Foundation;](#) and
- 2.8. Other Support Organizations Approved by the Board.

3. WRITTEN AGREEMENT

- 3.1. All support organizations must have a written agreement with the Board in accordance with [Board policy 32.06](#). These agreements shall be negotiated by the Vice Chancellor for University Advancement, reviewed by General Counsel and approved by the Chancellor.

- 3.2. All such agreements must address:
 - 3.2.1. Use of the names or any parts thereof, of the University of Houston System, and its component institutions by the support organization;
 - 3.2.2. Administration and investment of funds received by the support organization/foundation for the benefit of the institution; including reporting and auditing requirements concerning assets, gifts, and distributions;
 - 3.2.3. Use of System staff, facilities, and other resources;
 - 3.2.4. Service by an officer or employee of the system and/or its component universities as an officer or director of the support organization/foundation;
 - 3.2.5. Remuneration of an officer or employee of the System and/or its component universities by the support organization/foundation;
 - 3.2.6. Access to the records and documents of the support organization/foundation by the System, including its Internal Auditor;
 - 3.2.7. The compatibility of the activities of the private support organization/foundation in relation to the mission of the System;
 - 3.2.8. Standards of conduct and disclosure requirements for financial advisors and service providers of support organizations in accordance with [Board Policy 58.02](#); and
 - 3.2.9. Other issues the Chancellor deems necessary in establishing rules governing all aspects of conduct of the System and its employees in relationship to the support organization/foundation.
- 3.3. Requests for new and revised support organization agreements shall be submitted to the Vice Chancellor for University Advancement.
- 3.4. All agreements shall be reviewed annually by the Vice Chancellor for University Advancement and General Counsel prior to the Chancellor's annual report to the Board.

4. REPORTING REQUIREMENTS

- 4.1. All support organizations must submit the following information to the Vice Chancellor for University Advancement [annually before January 31st](#):

- 4.1.1. Articles of incorporation and bylaws: at the time the original agreement is established and whenever there are changes to either document;
- 4.1.2. List of officers and board members (names, addresses, phone numbers) ~~at the time the original agreement is established and whenever there is a change to the membership~~;
- 4.1.3. Minutes to board meetings: as requested;
- 4.1.4. Audited financial reports (including but not limited to balance sheet, income statement and statement of change of financial position): within 120 days of the end of the support organization's fiscal year;
- 4.1.5. Copy of Internal Revenue Services Form 990 (and Form 990T where applicable); within 30 days after its filing;
- 4.1.6. Copy of investment policies: ~~annually by January 31~~;
- 4.1.7. Signed disclosure statement: ~~no later than January 31 of each year~~, from all outside financial advisors and service providers consistent with the Texas State Auditor's Office Uniform Disclosure Form;
- 4.1.8. Other financial information (itemization of assets, asset distribution, etc.): as requested;
- 4.1.9. Gift information for each donor as specified by the System Office of Development: each month or as directed otherwise by the Office of Vice Chancellor for University Advancement, System Office of Development; ~~and~~,
- 4.1.10. Other information as determined by the Chancellor: as requested.
- 4.2. The Vice Chancellor for University Advancement will maintain a complete set of the submitted documents and disseminate audited financial reports and other financial information collected from the support organizations. ~~to the Executive Senior Vice Chancellor for Administration and Finance.~~
- 4.3. Expenses incurred by a support organization on behalf of a component university are collected using the Foundation Payment Request form, which is located at <http://www.uh.edu/finance/pages/forms.htm>. These expenses are recorded in the finance system by the component General Accounting Department.
- 4.4. Costs associated with financial audits and other reporting requirements are the sole responsibility of the support organizations.

5. COMPLIANCE AND REVIEW RESPONSIBILITIES

- 5.1. The Vice Chancellor for University Advancement is responsible for conducting an annual compliance review to ensure that support organizations are in compliance with the written agreements. Results of the annual compliance review are reported to the Chancellor.
- 5.2. The Chancellor and/or his or her designee shall report to the Board annually on the compliance status of each support organization.
- 5.3. When a support organization is found to be in violation of Board policy, the Chancellor shall:
 - 5.3.1. Notify the organization’s President and/or Chairperson about the non-compliance issue(s)
 - 5.3.2. Delegate responsibility and authority to the appropriate member or members of the System to proceed with negotiations with the support organization not in compliance
- 5.4. Support organizations found not to be in compliance of Board policy are subject to losing status as a support organization for the System and its component universities.
- 5.5. The Vice Chancellor for University Advancement and General Counsel are responsible for conducting an annual review of all written agreements with support organizations;
- 5.6. The ~~Executive Senior~~ Vice Chancellor for Administration and Finance is responsible for conducting an annual review of all support organizations’ financial statements, IRS Form 990’s and implementing the necessary procedures to help ensure that all reported support provided to the System by the support organizations is properly accounted for in the System’s financial records; and,
- 5.7. Colleges/Units that have an associated support organization (i.e., ~~The~~ UH College of Business Foundation) should develop policies and procedures to govern employee and other types of support of the organization, clearly defining situations where employee expenses should be borne by the support organization as well as the procedures for obtaining reimbursement.

6. REVIEW AND RESPONSIBILITIES

- Responsible Party: ~~Associate~~ Vice Chancellor for University Advancement
- Review: Every ~~two~~ three years on or before March 1

7. APPROVAL

Approved: Eloise Dunn Brice Michael Rierson
Vice Chancellor for University Advancement

Renu Khator
Chancellor

Date: January 12, 2011

REVISION LOG

<u>Revision Number</u>	<u>Approval Date</u>	<u>Description of Changes</u>
<u>1</u>	<u>12/07/1990</u>	<u>Initial edition</u>
<u>2</u>	<u>12/10/1993</u>	<u>Changes Board of Regents' policy from 51.03 to 33.05 in Section 1.1. Removed Section 2.2.i on InPrint Inc. Revised Section 3.1 on annual review for compliance with current policy. Added Section 5.2 on monthly listing composition</u>
<u>3</u>	<u>09/01/1995</u>	<u>Applied revised SAM template to reflect current documentation practices. Added Texas Government Code 2255.001 to Section 1.1. Removed Section 2.1.e on the UH College of Education Foundation Fund; added Section 2.1.i for UH Architecture Atrium Society. Removed Section 9, Indexing Terms</u>
<u>4</u>	<u>04/26/2001</u>	<u>Applied revised SAM template to reflect current documentation standards. Added Houston Alumni Organization and Houston Athletics Foundation to Section 2.1. Removed Houston Law Review, UH System Research Foundation, and UH Architecture Atrium Society from Section 2.1. Added Board Policy 33.05 to Section 3.1. Rewrote Section 3.2 to address the composition of each agreement. Added Section 4 on reporting requirements and Section 5 on Compliance; removed Section 5 on receipt of gifts and Section 6 on financial reporting. Changed responsible party to Vice Chancellor for University Advancement. Added Vice Chancellor for Administration and Finance to approval process. Added Section 8, Indexing Terms</u>

<u>Revision Number</u>	<u>Approval Date</u>	<u>Description of Changes</u>
<u>5</u>	<u>04/27/2005</u>	<u>Applied revised SAM template to reflect current documentation standards. Added Foundation for Education and Research in Vision to Section 2.1. Added Board Policy 50.01 and 50.02 to Section 3.2.b as standards to written agreements. Revised Section 3.4 on annual agreement reviews. Added Section 4.1.f on copies of investment policies, Section 4.1.g on signed disclosure statements, and Section 4.1.j on expenses by support organizations. Added Review Responsibilities to Section 5. Changed approval to Vice Chancellor for University Advancement in Section 7</u>
<u>6</u>	<u>06/09/2009</u>	<u>Applied revised SAM template to reflect current documentation standards. Change Board Policy to 32.06 in Section 1 and Section 3.1. Added hyperlinks to documentation as applicable. Revised Section 3.2 on composition of agreements. Removed Section 4.1.j on expenses by the support organizations. , and added topic to Section 4.3. Changed responsible party to the Associate Vice Chancellor for University Advancement. Changed the review period from even numbered years on or before August 31st to every two years on or before March 1st. Removed Section 8, Indexing Terms</u>
<u>7</u>	<u>01/12/2011</u>	<u>Removed Board Policy 58.01 from Section 3.2.8. Added information about annual review of IRS Form 990s in Section 5.6</u>
<u>8</u>	<u>TBD</u>	<u>Added new Revision Log. Added links and fixed titles as applicable. Reorganized and updated organizations and foundations in Section 2. Updated Section 4.1 for completing all reporting requirements to University Advancement annually before January 31st. Removed requirement for additional changes to list of board members and officers in Section 4.1.2. Changed reporting of donor gift information from the System Office of Development to the Office of the Vice Chancellor for University Advancement in Section 4.2. Removed Administration and Finance as official repository for documents, disseminated audited financial reports and other financial information; this information will be housed by the Vice Chancellor for University Advancement. Changed the responsible party for SAM 08.A.02 to the Vice Chancellor for University Advancement</u>