UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM

SECTION: Advancement and Alumni **NUMBER: 08.A.02**

AREA: General

SUBJECT: Private Support Organizations and Foundations

---

1. PURPOSE

The Board of Regents (the "Board") recognizes the benefits private support organizations and foundations (sometimes known as "institutionally related foundations") may bring to the University of Houston System and its universities. Board of Regents policy 32.06 sets forth requirements to ensure the existence, purpose, and operations of all approved support organizations and foundations ("Support Organizations") are consistent with System governance. This document defines the procedures necessary to comply with Board policy and Texas Government Code Section 2255.001.

2. APPLICABILITY

This administrative memorandum applies to the Support Organizations listed below:

2.1. Foundation for Education and Research in Vision (FERV);

2.2. Houston Cougars Foundation;

2.3. Houston Public Media Foundation;

2.4. UH College of Business Foundation;

2.5. UH Law Foundation;

2.6. University of Houston Alumni Association Foundation (UHAAF);

2.7. University of Houston Foundation; and

2.8. Any other Support Organization(s) approved by the Board of Regents.

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 Advancement and Alumni, reviewed by General Counsel and approved by the Chancellor.

3.2. All such agreements must address:

3.2.1. Use of the names, logos, symbols, or marks or any parts thereof, of the University of Houston System and its universities by the Support Organization and approval for such use in accordance with System policies and procedures;

3.2.2. Solicitation, acceptance, administration and investment of funds received by the Support Organization for the benefit of the University of Houston System ("System") and/or its universities, including reporting and acknowledgement/receipting requirements for assets, gifts, and distributions;

3.2.3. Use of System and/or university staff, facilities, and other resources;

3.2.4. Service by an officer or employee of the System and/or its universities as an officer or director of the Support Organization;

3.2.5. Remuneration or compensation in any form to an officer or employee of the System and/or its universities by the Support Organization;

3.2.6. Access to the records and documents of the Support Organization by the System, including the Vice Chancellor for Advancement and Alumni and the System Internal Auditor;

3.2.7. The compatibility of the activities of the Support Organization with the mission of the System;

3.2.8. Standards of ethical conduct and professional conduct for the Support Organization's financial advisors and service providers in accordance with Board policy 58.02 and disclosure requirements similar to those required in Board Policy 58.01 and Texas Government Code Section 2263.005;

3.2.9. Whether a mechanism is in place to ensure Support Organization board members do not serve perpetually;

3.2.10. Maintaining separate accounts for any funds restricted to particular uses. All expenditures made by or on behalf of the System shall be consistent with applicable state and federal laws, rules, and regulations, with any restrictions~~, rules or regulations~~ placed on the use of the funds by donors and granting or contracting agencies; and with prudent management practices. All expenditures must be reasonable and necessary for carrying out the programs and activities of the System, and shall be documented in a manner~~way~~ which clearly substantiates such reasonableness and necessity ~~expe (as detailed in SAM 03A01)~~; ~~and Foundations must request~~

~~documentation of compliance with donor intent for scholarships awarded by the University~~.

3.2.11 Responsibility for awarding scholarships using funds donated to the Support Organizations and Foundations remains with the Support Organization or Foundation. Support Organizations and Foundations must manage the application, selection, and documentation process for all scholarship awards. System personnel and departments may serve on scholarship award committees and provide recommendations for recipients but may not provide any student data that is protected by FERPA. System offices including, but not limited to, Scholarships and Financial Aid, Student Billing/Bursar, and Advancement and~~&~~ Alumni may provide links to landing pages of the~~scholarship~~ websites for Support Organizations and Foundations that administer the scholarships, but may not themselves publicize or list in any way or manner the individual scholarships ~~details~~.

3.2.12~~1~~. Other matters the Board and/or Chancellor deem necessary to govern conduct and compliance of the System, its universities, and its employees in relationship to the Support Organization and vice-versa, including maintenance of continuity of operations plans.

3.3. Requests for new and revised Support Organization agreements with the System shall be submitted for approval to the Vice Chancellor for Advancement and Alumni and General Counsel.

3.4. All Support Organization agreements shall be reviewed annually by the Vice Chancellor for Advancement and Alumni 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 annually to the Vice Chancellor for Advancement and Alumni within the time frame noted below, or if no such time frame is indicated, by April 15 and/or ahead of the annual May Board of Regents meeting, or by such other deadline that may be imposed from time to time with advance notice to the Support Organizations:

4.1.1. Articles of incorporation and bylaws, to be provided at the time the original agreement is established and whenever there are changes to either document;

4.1.2. List of officers (titles) and board members (names, addresses, e-mail addresses and phone numbers), to be provided on the effective date of the original Support Organization agreement with the System and thereafter whenever there is a change to the board membership;

4.1.3. Changes to 501(c)(iii) status, to be submitted when changes occur;

4.1.4. The Support Organization's current mission statement and any changes made thereto over the past year.

4.1.5. Dates of the Support Organization's board meetings—immediately when scheduled.

4.1.6 Minutes to board meetings to be submitted upon request;

4.1.7. 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;

4.1.8. Copy of Internal Revenue Service Form 990 (and Form 990T where applicable): within 30 days after its filing;

4.1.9. Copies of investment policies, gift acceptance policies, conflict of interest policies, and, if any, document retention policies;

4.1.10. Signed disclosure statement from all outside financial advisors and service providers consistent with the Texas State Auditor's Office Uniform Disclosure Form;

4.1.11. Other financial information (itemization of assets, asset distribution, etc.): to be provided upon request;

4.1.12. Certificates of Insurance as required in each Support Organization's agreement with the System;

4.1.13. Gift information for each donor as specified by the System Advancement Business Operations Office to be submitted each month or as directed otherwise by the Vice Chancellor for Advancement and Alumni; and

4.1.14. Other information as determined by the Chancellor, to be provided as requested.

4.2. The Vice Chancellor for Advancement and Alumni shall be the System custodian of record of all Support Organization agreements, documents and other information provided by the Support Organizations to the System.

4.3. Expenses incurred by a Support Organization on behalf of the System or its universities are collected using the Foundation Payment Request form, which is located at https://uh.edu/office-of-finance/forms/. These expenses are recorded in the finance system by the university's General Accounting Department. If a Support Organization provides advance funding to a System operating unit for

scholarships, special events, or specific activities, the System operating unit will provide the Support Organization with a budget prior to receiving the funding and an accounting of budget to actual expenses within 60 days of the conclusion of the event. Budget to actual expenses will list expenses by category and vendor and document the UHS cost center used to track the costs.

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 Advancement and Alumni is responsible for conducting an annual compliance review by August 31 to ensure that each Support Organization is in compliance with its Support Organization agreement and this policy and to confirm Advancement has properly recorded the support provided to the System by the Support Organizations in the System's gift records. The Vice Chancellor for Advancement and Alumni shall report the results of the annual compliance review to the Chancellor and Internal Audit.

5.2. The Chancellor, their designee, and/or Internal Audit shall report to the Board annually on the compliance status of each Support Organization including any associated risks.

5.3. When a Support Organization is found to be in violation of Board policy and/or its Support Organization agreement, the Chancellor shall:

5.3.1. Notify the Support Organization's President and/or Chairperson about the non-compliance issue(s); and

5.3.2. Delegate responsibility and authority to the appropriate member or members of the System to discuss the non-compliance with the Support Organization.

5.4. Support Organizations found not to be in compliance with Board policy or their Support Organization agreement are subject to losing status as a Support Organization for the System and its universities, colleges, divisions, or departments.

5.5. The Vice Chancellor for Advancement and Alumni shall provide the audited financial reports and other financial information collected from the Support Organizations set forth in Section 4.1 to Internal Audit and the Senior Vice Chancellor for Administration and Finance. The Senior Vice Chancellor for Administration and Finance is responsible for conducting an annual reconciliation of the financial information provided by the Support Organizations in accordance with Section 4.1 and implementing 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. Internal Audit shall present the reports to the Board of Regents at an appropriate time after their completion and highlight any risks that were brought forth in the reports and/or information provided.

5.6. Colleges, divisions, or other units of the universities that have an associated Support Organization (such as the UH College of Business Foundation, University Athletics, etc.) should develop policies and procedures to govern employee and other types of support the college, division or unit provides to the Support Organization, clearly defining situations where the associated expenses of such support should be borne by the Support Organization and reimbursed to the University to enable compliance with best practices and with the salary reporting requirements of Texas Government Code Section 659.0201 and associated regulations. Such policies and procedures shall be submitted to the Office of General Counsel for review and approval.

5.7. Under no circumstances shall a Support Organization compensate (whether monetarily or via other means) prospective or current faculty staff, or student workers without prior approval of the Office of General Counsel and Human Resources. Such payments may violate Texas law, including Texas Government Code Section 659.0201, and impose additional reporting requirements upon the System and its universities.

5.8 System operational funds may not be transferred to Support Organizations unless approved by the CFO and the General Counsel, or their respective designees. Donor funds will be directed pursuant to the donor's intent.

6. REVIEW AND RESPONSIBILITIES

Responsible Party: Vice Chancellor for Advancement and Alumni

Review: Every two years

7. APPROVAL

Approved: ~~*/Eloise Brice/*~~
Vice Chancellor for Advancement and Alumni

~~*/Renu Khator/*~~
Chancellor

Date: ~~August 30, 2023~~