

AFFILIATED ORGANIZATION OVERSIGHT COMMITTEE MEETING

*Pennington Biomedical Research Center
Louisiana State University
6400 Perkins Road, Baton Rouge, LA 70808
Friday, August 2, 2019 | Time: 2:30 p.m. CT*

- I. Approval of Uniform Affiliation Agreement Template
- II. Discussion on Board Office Resources
- III. Preliminary Presidential Evaluation

The LSU Board of Supervisors and its Affiliated Organization Oversight Committee may go into executive session pursuant to La. R.S.42:17(A).

DRAFT: Proposal on the Uniform Affiliation Agreement

August 2, 2019

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Uniform Affiliation Agreement

This Agreement is made and entered into on the ___ day of _____, 20___, between the Board of Supervisors of Louisiana State University Agricultural and Mechanical College (“University”) and _____ (“Affiliate”).

WHEREAS, as stated in La. R.S. 17:3390(A), the Legislature has found and University recognizes that private, nonprofit organizations under the direction and control of private individuals who support institutions of higher education are effective in obtaining private support for those institutions;

WHEREAS, as further stated in La. R.S. 17:3390(A), the Legislature encourages higher education management boards and institutions to promote the activities of alumni associations, foundations, and other private, nonprofit organizations that raise private funds for the support of public institutions of higher education;

WHEREAS, after considering the proposed mission and purpose of Affiliate, University has determined that Affiliate’s activities will support or enhance one or more of the programs, facilities, research and educational opportunities offered by University;

WHEREAS, because of the close association of Affiliate with the University, it is prudent and beneficial to have a clear statement, agreed upon by the parties, of the respective responsibilities, requirements, authority, and relationship of the University and Affiliate while preserving the private and independent legal status of the Affiliate:

1. Affiliate Purpose and Status

1.1 Affiliate’s purpose(s) shall be to _____. All actions taken by Affiliate shall be consistent with and in furtherance of its stated purpose(s), and such actions shall not conflict with the authority of the University. In order to prevent the unnecessary duplication of activities among LSU affiliates, any proposed material change in Affiliate’s authorized purpose(s) must be approved in advance and in writing by the President of LSU. Requests for approval of such changes in purpose shall be submitted to LSU’s Executive Vice President for Finance and Administration and CFO (“LSU Executive Vice President”).

- 1 1.2 Unless waived in writing, Affiliate shall provide at least 30 days advance written notice to the
2 LSU Executive Vice President of any proposed material change in Affiliate’s Articles of
3 Incorporation or Bylaws.
- 4 1.3 Affiliate has been formed as a private non-profit Louisiana organization, and has been
5 recognized as and shall maintain its status as an organization exempt from taxation under
6 Section 501(c) of the Internal Revenue Code.
- 7 1.4 Affiliate is a separate legal entity from University. Nothing in this Agreement shall be construed
8 as to invalidate or restrict Affiliate’s private and independent legal status.
- 9

10 **2. Governance**

11

12 2.1 To ensure that Affiliate’s status as a private entity is recognized and maintained in accordance
13 with La. R.S. 17:3390B, Affiliate shall meet the following criteria:

14

15 2.1.1 Affiliate shall be under the management and control of a board of directors
16 (“Affiliate’s Board”) elected by the members or shareholders of Affiliate.

17 2.1.2 A majority of the voting members of Affiliate’s Board shall consist of individuals who
18 are not members or employees of a Louisiana higher education management board;
19 and,

20 2.1.3 Affiliate shall reimburse, either directly or in-kind, the cost of housing, personnel, and
21 other support furnished to Affiliate by any institution of higher education.

22

23 2.2 The President of the University, or his designee, and one member of the Board of Supervisors
24 shall be a non-voting *ex officio* member of Affiliate’s Board and of the Executive Committee of
25 such Board (or equivalent). Designation of the President of the University (or his designee)
26 and a member of the Board of Supervisors as a non-voting *ex officio* member of Affiliate’s
27 Board and Executive Committee is not intended to and shall not be deemed a waiver of the
28 privileges and immunities granted Affiliate pursuant to La. R.S. 17:3390. To promote
29 compliance with Affiliate’s policy on conflicts of interest, ensure that appropriate disclosures
30 are made and facilitate an understanding of Affiliate’s business, the President of the University
31 will provide Affiliate with reasonable advance notice identifying individuals designated to
32 attend meetings in his place and will endeavor to utilize a single individual as his designee. The

1 [Chair of the Board of Supervisors will provide notice of the Board of Supervisors member so](#)
2 [designated. \(The Chair may but shall not be required to designate such a member if a current](#)
3 [member of the Board of Supervisors has been elected to serve as a full member of Affiliate’s](#)
4 [board.\)](#)

5 2.3 If the Affiliate is in primary support of a single campus or institution, the Chancellor or
6 equivalent shall, at a minimum, be given notice of and the ability to attend and participate as
7 a non-voting, *ex officio* member in meetings of the Affiliate’s Board and Executive Committee.

8 2.4 Members of the Board of Directors and the Executive Committee shall have reasonable access
9 to all books and records of Affiliate in accordance with its generally applicable confidentiality
10 and non-disclosure policies, provided that *ex officio* members who are “public servants,” as
11 defined in La. R.S. 42:1102(19), shall not have legal custody of Affiliate’s books and records.
12 Requests for access to books and records shall be made via written request directed to
13 Affiliate’s Chief Executive Officer.

14
15 **3. General Duties and Responsibilities of Affiliate**

16
17 3.1 Operate Affiliate for primary benefit of University in accordance with Affiliate’s Articles of
18 Incorporation and tax exempt purpose.

19 3.2 Support and promote the mission and activities of the University.

20 3.3 Affiliate shall establish and enforce policies to identify and manage potential conflicts of
21 interest and ensure that affiliates assets do not directly or indirectly unduly benefit any
22 individual or other person.

23 3.4 Solicit and accept things of value of all kinds consistent with applicable law.

24 3.5 Receive, hold, invest, administer, manage, distribute and provide good stewardship of gifts and
25 bequests in accordance with donor intent, applicable law and applicable University and
26 Affiliate policies and procedures.

27 3.6 Expend funds for the establishment and operation of Affiliate and for any reasonable expenses
28 incidental to the conduct of the affairs of Affiliate.

29 3.7 Within 120 days following the close of Affiliate’s fiscal year, unless an extension is granted by
30 the LSU Executive Vice President, submit the annual Affiliate Compliance Certificate (Exhibit A)
31 and materials referenced therein, to the LSU Executive Vice President.

1 3.8 Subject to any limitations imposed by contracts among the University and third-parties and
2 applicable University policies, the Affiliate may be granted the right by LSU to utilize its
3 “licensed marks” on a royalty free basis for its activities in support of LSU. Affiliate must adhere
4 to the Louisiana State University Brand Identity.
5

6 **4. General Duties and Responsibilities of University**

7

8 4.1 Support and promote the purpose and activities of Affiliate and encourage the donation of
9 private funds to Affiliate;

10 4.2 Avoid action that would undermine Affiliate’s status as a private entity, maintain the
11 confidentiality of donor records and the private nature of Affiliate’s books and records to the
12 extent allowed by law;

13 4.3 Accept funds made available by Affiliate, provide good stewardship of gifts once received by
14 University and utilize funds received from Affiliate in a manner consistent with University’s
15 mission, terms and conditions imposed by testators and donors, applicable law, this
16 Agreement and University policy; and,

17 4.4 Make available to Affiliate, at University’s sole discretion, appropriate facilities, personnel, or
18 other support pursuant to the provisions of La. R.S. 17:3390(B)(3) and as otherwise permitted
19 by law.
20

21 **5. Records, Internal Controls and Funds Management**

22

23 5.1 Recognizing the need to preserve the public trust and guard against the appearance of
24 impropriety in its activities, Affiliate shall adopt, maintain, and enforce necessary and
25 appropriate policies, procedures and internal controls, including policies on conflicts of
26 interest, required for the conduct of its business in accordance with applicable law, the terms
27 of this Agreement, applicable University policies and procedures and best practices for similar
28 nonprofit organizations.

29 5.2 The books and records of Affiliate shall be kept in accordance with customary and current
30 accounting standards.

31 5.3 In connection with its annual financial audit, Affiliate shall: (a) provide its auditors with a copy
32 of this Agreement including all exhibits, schedules, and other attachments; (b) provide its

1 auditors with access to all documents and other information relevant to this Agreement; (c)
2 require Affiliate’s chief executive officer to represent to its auditors that except to the extent
3 disclosed in writing, to the best of Affiliate’s knowledge, information and belief, Affiliate has
4 complied with all applicable provisions of this Agreement; and, (d) should rotate audit
5 partners at least every five years.

6 5.4 Affiliate shall separately engage an Independent Accountant (which may be the same firm
7 conducting its financial statement audit) to perform various procedures necessary to issue an
8 Agreed Upon Procedures report concerning various items included in the Annual Affiliate
9 Compliance Certificate (Exhibit A). Specifically, the agreed upon procedures engagement will
10 consist of the items included in Exhibit D.

11 5.5 Affiliate shall provide to the LSU Executive Vice President and LSU Office of Internal Audit
12 within 120 days of the close of Affiliate’s fiscal year: (a) its audited financial statements; (b)
13 its written findings related to the financial statement audit (if any), and (c) its Agreed Upon
14 Procedures report. At the request of the LSU Office of Internal Audit, Affiliate and its
15 independent auditors shall arrange to meet with representatives from the LSU Office of
16 Internal Audit to review written findings and/or the Agreed Upon Procedures report.

17 5.6 Affiliate shall evaluate and, where appropriate, take corrective action to remedy material and
18 substantial audit findings. Material and substantial audit findings which have not either been
19 (a) resolved by management or, where appropriate, through corrective action within ninety
20 (90) days following issuance of the annual audit, or (b) in cases where corrective action is
21 appropriate, corrective action reasonably designed to resolve the issue has not been taken
22 within ninety (90) days following issuance of the annual audit, shall be reported to the Board
23 of Supervisors in writing.

24 5.7 Pursuant to a separate written Funds Management Agreement authorized and executed by
25 University and Affiliate, University may in its discretion agree to deliver and Affiliate may
26 agree to accept for deposit with Affiliate funds which have been donated to the University by
27 private individuals or entities or which have been provided from the state to the University
28 pursuant to the Board of Regents Support Fund or other programs.

29
30 **6. Certain Disbursements and Other Transactions**
31

- 1 6.1 All disbursements by Affiliate for administrative and operating expenses shall be in
2 accordance with policies adopted by Affiliate’s Board and in accordance with its annual
3 budget, as modified by policies and procedures adopted by Affiliate’s Board. Such policies
4 shall provide for sound and prudent business practices, the payment or reimbursement of
5 ordinary, necessary and reasonable business expenses, and shall address the content of this
6 Agreement.
- 7 6.2 Affiliate shall not undertake the disbursements and transactions described on Exhibit B,
8 other than transactions and disbursements involving operational and business management
9 matters of Affiliate itself, without first obtaining a determination of acceptable University
10 purpose from the appropriate University authority.
- 11 6.3 No donation requiring a determination of acceptable University purpose shall be publicized
12 or otherwise disclosed by Affiliate prior to acceptance of any conditions or obligations by the
13 University’s Board or President in accordance with University policies and procedures.
- 14 6.4 Requests for a determination of acceptable University purpose shall be submitted to the
15 President or to the Board through the President as may be appropriate by the Chancellor (or
16 equivalent) of the campus or institution for whose benefit the action is proposed, in
17 accordance with the procedures set forth in Article VII, Section 9B of the Bylaws of
18 University’s Board of Supervisors. Any submission shall include a specific recommendation
19 from the Chancellor or equivalent demonstrating that the proposed transaction is in support
20 of the University and its mission.
- 21 6.5 Absent exceptional circumstances and written approval by the Chancellor (or equivalent)
22 and President (or designee), supplemental compensation or benefits to a University
23 employee shall be paid through the University, not directly by Affiliate to the employee. For
24 purposes of this section, supplemental compensation or benefits shall mean all
25 compensation or benefits in addition to the base university compensation and benefits
26 approved by the Board of Supervisors for duties performed by the employee for the
27 University.

28

29 **7. Prohibited Expenditures, Advisory Opinions**

30

1 7.1 University, its employees and administrators shall not request the expenditure of funds and
2 Affiliate shall not expend funds for any of the purposes described in section 2 of Exhibit C
3 either directly or through reimbursement.

4 7.2 Where there is doubt about the reasonableness or validity of a proposed expenditure or
5 transaction, or the procedure by which such expenditure or transaction should be reviewed,
6 the Chancellor or equivalent, or legal counsel for Affiliate, shall seek an advisory opinion from
7 the President, through the LSU Executive Vice President. Where appropriate, the President
8 may refer the question to the Board of Supervisors for a decision. The President may adopt
9 guidelines to facilitate the provisions of this sub-paragraph.
10

11 **8. Management Agreements/Cooperative Endeavor Agreements**

12
13 8.1 With the written consent of the LSU Executive Vice President, Affiliate may enter into one or
14 more agreements (“Management Agreements”) with other affiliates of University (that is,
15 other non-profit organizations which are recognized pursuant to University policy) so that
16 one affiliate will manage the funds of another affiliate. In such event, the affiliate which is
17 agreeing to manage the funds of the other affiliate shall be known as the “Managing
18 Affiliate,” while the affiliate transferring the funds shall be known as the “Managed Affiliate.”

19 8.2 Unless otherwise specifically provided for in the Management Agreement, where Affiliate
20 enters into a Management Agreement with an organization that has executed an Affiliation
21 Agreement with University, Affiliate shall have no internal control or audit responsibilities
22 with respect to the Managed Affiliate; provided, however, that Affiliate shall cooperate with
23 the Managed Affiliate’s management and auditors with respect to such matters.

24 8.3 Where Affiliate enters into a Management Agreement with an organization that has not
25 executed an Affiliation Agreement with University, such Management Agreements shall:

26 8.3.1 Require that the Managing Affiliate comply with all applicable terms and conditions
27 of this Agreement in its capacity as an agent of the Managed Affiliate; and

28 8.3.2 Require that the funds and transactions of the Managed Affiliate be included in
29 either (a) an annual audit conducted pursuant to section 5.2 or reviewed and
30 reported annually in accordance with other agreed upon procedures approved by
31 University or, (b) if Affiliate is exempt from annual audit requirements pursuant to

1 La. R.S. 17:3390, an exemption certificate and a sworn financial statement are
2 prepared and filed in accordance with La. R.S. 17:3390D(3)(a)-(c).

3 8.4 Where Affiliate is organized for more than a single purpose, Affiliate will enter into a
4 Memorandum of Understanding, Cooperative Endeavor Agreement, or other written
5 agreement outlining the structure or details of each specific transaction or collaboration.
6 Such agreement will clearly describe the obligations of Affiliate, University and any other
7 parties, where necessary, and state the net public benefit to the University from such
8 transaction or collaboration.

9
10 8.5 Upon written request from the LSU Executive Vice President, Affiliates that are exempt from
11 annual audit requirements pursuant to La. R.S. 17:3390, may be required to submit a
12 financial audit or agreed to procedures report acceptable to the University conducted in
13 accordance with generally accepted auditing standards by an independent professional
14 auditor or, at Affiliate’s option, LSU Internal Audit personnel. In connection with any audit
15 or agreed to procedures conducted pursuant to this section, Affiliate shall: (a) provide its
16 auditors with a copy of this Agreement; (b) provide its auditors with access to all documents
17 and other information relevant to this Agreement; and, (c) represent to its auditors that
18 except to the extent disclosed in writing, to the best of Affiliate’s knowledge, information
19 and belief, Affiliate has complied with all applicable provisions of this Agreement.
20

21 **9. Term and Termination**

22
23 9.1 This Agreement revises and replaces previous Affiliation Agreements between University
24 and Affiliate. It shall take effect on the date first written above, and shall continue for a
25 period of one year. Thereafter, it shall be automatically renewed and extended for
26 additional one year periods unless Affiliate gives notice to terminate pursuant to the
27 provisions of section 9.2, or University gives notice to terminate pursuant to the provisions
28 of section 9.3. The provisions of this section 9 shall survive any such termination.

29 9.2 Except to the extent modified by this Agreement or a separate written Agreement between
30 Affiliate and University, Affiliate may terminate this Agreement without cause by providing
31 written notice to the University no less than six (6) months prior to the effective date of the
32 termination.

1 9.3 Except to the extent modified by this Agreement or a separate written Agreement between
2 Affiliate and University, University may terminate this Agreement for cause in the event (i)
3 Affiliate commits a material and substantial violation of the terms of this Agreement, (ii)
4 Affiliate fails to cure violations of this Agreement after being provided with at least 30 days
5 notice of such violations, (iii) Affiliate engages in or negligently allows: (a) any substantial
6 misuse of Affiliate’s funds, or (b) any fraudulent or other illegal activity, (iv) a transfer of
7 the campus, institution or program supported by Affiliate to another higher education
8 management board should occur, (v) elimination or modification of programs offered by
9 University such that Affiliate is no longer able to achieve its purpose(s), or (vi) the
10 occurrence of any other event or circumstance which, in the sole judgment of the
11 University, constitutes cause.

12 9.4 Upon termination of this Agreement, Affiliate shall:

13
14 9.4.1 Cease to use the University’s name to solicit donations or for any other purpose
15 and shall not in any way represent to alumni, contributors, and the general public
16 that said Affiliate is affiliated with the University or any of the colleges, schools,
17 departments, and divisions comprising it;

18 9.4.2 Unless otherwise directed in writing by the University or unless otherwise required
19 pursuant to the terms of applicable law, immediately return to University all public
20 funds which Affiliate holds as a depository pursuant to the provisions of section
21 5.5;

22 ~~9.4.29.4.3~~ Unless otherwise directed in writing by the University, immediately
23 return to the University (or, as requested by the University, deposit in another
24 Affiliate) all private gifts, donations, or other funds raised in the name of or for
25 direct support of the University that have not been encumbered, pledged or used
26 to secure any indebtedness.

27 ~~9.4.39.4.4~~ Terminate any Management Agreements entered into with other
28 University affiliates in accordance with the terms of Section 8 of this Agreement
29 and immediately return any managed funds to the appropriate Managed
30 Affiliate(s);

1 9.4.49.4.5 Provide an accounting to University of all funds, public or private, held by
2 Affiliate within 120 days of notice of termination unless extended in writing by
3 mutual agreement; and,

4 9.4.59.4.6 Subject to the exceptions provided for in sections 9.4.2 and 9.4.6 of this
5 Agreement and to the extent consistent with the rights of creditors, applicable law
6 and prudent financial management practices relating to unliquidated, contingent
7 and future liabilities, transfer to University or at the University's sole discretion,
8 and subject to applicable law, to another non-profit entity affiliated with
9 University, all private funds and assets to be used as nearly as practicable in
10 accordance with the express terms of written acts of donation, testaments,
11 pledges and similar instruments, donor intent, Affiliate's purposes and applicable
12 law. This sub-paragraph shall not prejudice any properly approved, valid, and
13 enforceable financing agreements executed by Affiliate.

14 9.4.69.4.7 If the Affiliate's purpose is in primary support of a single campus or institution, and
15 the necessity for termination of this Agreement results from the transfer of the
16 supported campus or institution to another public higher education management
17 board or affiliated nonprofit organization ("Transferee Institution"), to the extent
18 consistent with applicable law and prudent financial management practices, the
19 applicable provisions of any legislation authorizing transfer of the supported
20 campus or institution and compliance with sections 9.4.1 – 9.4.3 of this Agreement,
21 Affiliate may convey to the Transferee Institution all private funds (other than
22 managed funds) and other assets to be used as nearly as practicable in accordance
23 with the express terms of written acts of donation, testaments, pledges and similar
24 instruments, donor intent, Affiliate's purposes and applicable law. In the event that
25 funds and assets are conveyed to a Transferee Institution pursuant to the terms of
26 this Section 9.4.6, the Transferee Institution and Affiliate shall agree to indemnify,
27 defend and hold harmless University, its members, employees and agents from and
28 against any and all claims and liabilities associated with or in any way arising out of
29 University's association with Affiliate, Affiliate's actions or inactions (whether past,
30 present or future) and conveyance of Affiliate's assets to the Transferee Institution.

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32 **10. Notices, Entire Agreement, Venue**

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10.1 Unless otherwise provided herein, whenever any notice or demand is required or permitted under this agreement, such notice or demand shall be given in writing and delivered in person or by certified mail to the University, addressed to its President at 3810 West Lakeshore Drive, Baton Rouge, LA, and to Affiliate at the address shown above. Unless otherwise provided herein, such advance notice requirements and time periods designated for the performance of specific acts may be extended or waived, in writing, by the LSU Executive Vice President.

10.2 This Agreement, including Exhibits A, B, and C to this Agreement, constitutes the entire agreement between the parties and shall not be amended except in writing signed by the President of University and a duly authorized officer of Affiliate. This Agreement is not intended to and does not create any rights in third parties.

10.3 The parties anticipate that they will enter into separate agreements for specific projects. Where there is a conflict between the terms of this Agreement and the terms of any separate agreement, the terms of the separate agreement shall control.

10.4 This Agreement is entered into, and any action arising from this Agreement shall be brought in, East Baton Rouge Parish, Louisiana.

THUS DONE AND SIGNED this ___ day of _____, 20___, by the undersigned duly authorized representatives.

For Affiliate:

For University:

By: _____

By: _____

Name:

Name:

Title:

Title:

1 **EXHIBIT A TO UNIFORM AFFILIATION AGREEMENT**
2 **ANNUAL AFFILIATE COMPLIANCE CERTIFICATE**
3

4 October 31, 20____

5 LSU Board of Supervisors

6 Attn: _____

7 Baton Rouge, Louisiana

8 Re: _____ (“Organization”)

9 Annual Compliance Certificate

10 Dear Sirs:

11 As the Chief Executive Officer of _____, I am writing to confirm that *after*
12 *making reasonable and appropriate inquiries, to the best of my knowledge, information and belief*, the
13 following information is true and correct as of the date of this letter:

- 14 1. The Organization is required to obtain an annual financial audit in accordance with La. R.S.
15 17:3390. The annual financial audit for the fiscal year ending _____, conducted by an
16 independent auditor, has been completed and a copy was provided to the Legislative
17 Auditor with a copy to your office by letter dated _____;

18 **OR**

19 The Organization is exempt from the annual audit requirements of La. R.S. 17:3390, and
20 copies of the Organization’s exemption certificate and sworn financial statement prepared in
21 accordance with La. R.S. 17:3390D(3)(a)-(c), were provided to the Legislative Auditor with a
22 copy to your office by letter dated _____;

- 23 2. The Organization’s annual tax return for the ____ tax year was completed and filed with
24 IRS on _____ and a copy was delivered to your office by letter dated
25 _____;

26 **OR IF APPLICABLE**

- 1 The Organization has requested an extension through _____ within which to file its
2 annual tax return for the _____ tax year, and a copy of the return will be provided to your
3 office upon filing;
- 4 3. A complete list of all active corporate affiliates and subsidiaries of the Organization as of this
5 date and the purpose for which such entities have been formed is attached to this certificate
6 as Schedule “1”;
- 7 4. A complete list of all “managed organizations” as defined in the Uniform Affiliation
8 Agreement, managed by the Organization is attached to this certificate as Schedule “2”;
- 9 5. A current list of the Organization’s officers and directors is attached to this certificate as
10 Schedule “3”;
- 11 6. A copy of the Organization’s Articles of Incorporation and Bylaws are on file with and copies
12 of any proposed amendments have been provided to the Executive Vice President;
- 13 7. The Organization is registered as a Louisiana nonprofit entity and it remains exempt from
14 taxation in accordance with Sections _____ of the Internal Revenue Code;
- 15 8. The Organization has taken all necessary action, including any filings required by the
16 Louisiana Secretary of State and other authorities, to maintain its corporate existence and
17 its tax exempt status;
- 18 9. A preliminary list showing the type of any housing, personnel, and other support provided to
19 Affiliate by University during the previous fiscal year pursuant to the provisions of La. R.S.
20 17:3390(B)(3), including (i) amount and location of any space or facilities provided, (ii)
21 number of personnel provided, and (iii) a listing of the type of any other services provided to
22 Affiliate by University is attached to this certificate as Schedule “4”;
- 23 10. As detailed in Schedule “5” to this certificate, during the previous fiscal year, (i) the total
24 amount paid in cash to University as direct reimbursement for housing, personnel and other
25 support was \$_____, and (ii) the total dollar value of all property provided to the
26 University together with all expenditures made in support of the University (exclusive of
27 costs for personnel employed solely by and for the benefit of Affiliate, facilities occupied
28 solely by Affiliate and other Affiliate overhead and administrative costs), which amount shall

1 be considered "in-kind" reimbursement for purposes of La. R.S. 17:3390(b)(3), was
2 \$_____;

3 11. The Organization maintains and enforces a policy on conflicts of interest as well as other
4 policies procedures and internal controls required for the conduct of its business in
5 accordance with applicable law, the terms of the Affiliation Agreement, applicable
6 University policies and procedures and best practices for similar nonprofit organizations;

7 12. Except as specifically provided for under the circumstances described in Sections 6 and 7 of
8 the Uniform Affiliation Agreement or previously disclosed in writing to the Executive Vice
9 President, the Organization has not engaged in any prohibited transactions or made any
10 prohibited expenditures over the last fiscal year;

11 13. Except as previously disclosed in writing to the Board of Supervisors, the Organization
12 resolved all material and substantial audit findings within 90 days of the issuance of its
13 annual audit in accordance with Uniform Affiliation Agreement Section 5.4;

14 14. The Organization has provided a copy of its current Affiliation Agreement and access to all
15 documents and other information relevant to the Affiliation Agreement to its independent
16 auditors, if applicable, for use in the evaluation of our internal controls and determining our
17 compliance with the Affiliation Agreement in connection with transactions reviewed by the
18 auditors in the course of their work. The Organization has represented to its auditors that
19 except to the extent disclosed in writing, to the best of Affiliate's knowledge, information
20 and belief, Affiliate has complied with all applicable provisions of the Affiliation Agreement;
21 and,

22
23 15. A copy of the Agreed Upon Procedures report described in Section 5.4 and Exhibit D was
24 provided to your office by letter dated _____.

25

26 Sincerely,

27 _____

28 Name:

29 Title:

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Schedule 1 to Annual Affiliate Compliance Certificate
List of Corporate Affiliates and Subsidiaries and Purposes of Such Entities

Name of Entity **Type of Entity and Purpose**

Schedule 2 to Annual Affiliate Compliance Certificate
List of “Managed Organizations”

Name of Entity **Type of Entity and Purpose**

Schedule 3 to Annual Affiliate Compliance Certificate
List of “Affiliate’s Officers and Directors”

Schedule 4 to Annual Affiliate Compliance Certificate
List of Housing, Personnel, and Other Support Provided to Affiliate by University

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Schedule 5 to Annual Affiliate Compliance Certificate

2

List of Support Provided by Affiliate to the University

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1 **EXHIBIT B TO UNIFORM AFFILIATION AGREEMENT**

2 **TRANSACTIONS REQUIRING A DETERMINATION OF APPROPRIATE UNIVERSITY PURPOSE**

3 1. Unless involving operational and business management matters of Affiliate itself, Affiliate shall
4 not undertake the following transactions and disbursements without first obtaining a
5 determination of acceptable University purpose by the President or his designee unless (i)
6 approval by the University’s Board is required by the Board’s by-laws or applicable law, or (ii) the
7 President, in the exercise of his discretion determines that consideration of the matter at issue by
8 the University’s Board is appropriate:

- 9
- 10 A. Knowingly accepting any donation which either: contains a condition or imposes or
11 purports to impose an obligation on the University, the fulfillment of which would
12 require the University to undertake actions not previously taken or approvals not
13 previously granted by the University in accordance with applicable policies and
14 procedures without an express written provision indicating that the acceptance by
15 Affiliate is conditioned on the acceptance of the conditions or obligations by the
16 University’s Board or President in accordance with University policies and procedures
17 and the terms of this Agreement;
 - 18 B. Accepting any donation of immovable property intended to be (a) retained by the
19 Affiliate, rather than liquidated within a reasonable period of time, or (b) leased or
20 otherwise occupied by a component of the University;
 - 21 C. Purchasing any immovable property with a fair market value of \$500,000 or more, except
22 property which will serve as the primary location of Affiliate’s administrative offices;
23 provided that this shall not prohibit decisions by Affiliate’s Board relating to reasonable
24 and prudent investments for the Affiliate’s benefit;
 - 25 D. Selling, donating, or otherwise transferring any immovable property which was acquired
26 for use by the University, without providing at least thirty (30) days advance written
27 notice to the LSU Executive Vice President;
 - 28 E. Leasing any immovable property, facility, or portion of a facility which is expected to be
29 occupied by the University for a period of one year or longer without providing at least
30 thirty (30) days advance written notice to the LSU Executive Vice President;
 - 31 F. Entering into any cooperative endeavor or similar agreement with any public or quasi-
32 public entity; and,

- 1 G. Creating a legal entity as a subsidiary or component of Affiliate without providing at least
2 thirty (30) days advance written notice, which notice period may be waived by the LSU
3 Executive Vice President, to the LSU Executive Vice President. If any such legal entities
4 are created, affiliate shall either: (i) if available, present the financial activities of each
5 such subsidiary in discrete schedules attached to Affiliate's financial statements, or (ii) if
6 such discrete schedules are not available, provide University with copies of the tax
7 returns of each such subsidiary.
8
- 9 2. The following disbursements and transactions require approval in accordance with policies and
10 procedures mutually agreed to by University and Affiliate:
11
- 12 A. Reasonable moving expenses and reasonable relocation expenses of a University
13 employee covered by PM 13; and,
14 B. Reasonable travel, moving, relocation, entertainment, educational benefits or
15 reimbursements may be paid to a University employee (or authorized traveler). Such
16 payments may be made for such expenses within and above state limits when
17 specifically approved by appropriate University administrators in accordance with
18 University policy. Pending further specification of University policy, such expenses
19 require approval of the employee's dean, vice chancellor or other equivalent
20 administrative official, or their designee.
21
- 22 3. Contracts (or other agreements, including employment agreements) and subsequent
23 amendments between Affiliate and a University employee should be recommended by the
24 Chancellor (or equivalent) and approved in accordance with University policy, including approval
25 by the Board of Supervisors, where applicable. Justification for such contracts should be in
26 writing and demonstrate that the employee's duties are not those which the employee should
27 perform directly for the University. These requirements shall be in addition to those of
28 University's PM-11.

- 1 G. For any purpose other than as authorized in the Agreement or through written
2 amendment or clarification of this Agreement signed by both Affiliate and the President
3 of University, except on the specific written recommendation of the Chancellor or
4 equivalent (for himself/herself and those under his/her supervision) and specific written
5 approval of the President;
- 6 H. For any purpose which is not consistent with Affiliate's tax exempt mission and the
7 purpose(s) stated in section 1.1 of the Agreement.
- 8 I. Any purpose that would result in a finding that either (i) Affiliate is being operated for
9 the benefit of private interests, or (ii) Affiliate has permitted its net earnings to inure to
10 the benefit of any private shareholder or individual, in violation of applicable provisions
11 of the Internal Revenue Code as amended.

1 **EXHIBIT D TO UNIFORM AFFILIATION AGREEMENT**

2 **SCHEDULE OF AGREED-UPON PROCEDURES**

3 **For**

4 **AFFILIATE VERIFICATION OF COMPLIANCE**

5 **WITH UNIFORM AFFILIATION AGREEMENT**

6
7
8 Independent Accountants retained by Affiliates will issue an Agreed Upon Procedures report
9 regarding findings based on the following:

- 10
- 11 1. Confirm that Affiliate maintains a written policy regarding the handling and resolution of
12 audit findings, audit exceptions, and any misuse of funds by observing a copy of such policy.
13
 - 14 2. Confirm that Affiliate’s governing board has established and implemented policies governing
15 conflicts of interest by observing a copy of such policy.
16
 - 17 3. Obtain an understanding of the internal controls in place over cash disbursements and
18 expenditures for the period in question. On a sample of items, inspect written evidence of
19 the internal controls and support for each transaction to determine if Affiliate has designed
20 and implemented procedures related to the following UAA provisions:
21
 - 22 • Supplemental compensation or benefits, as defined in section 6.5 of the UAA paid
23 directly to a University employee has written approval by the Chancellor or
24 equivalent and the President of LSU (“President”).
25
 - 26 • Payments made to or on behalf of University employees for travel, moving,
27 relocation, entertainment, educational benefits, and other reimbursements have
28 been approved by the employee’s dean, vice chancellor, or other equivalent
29 administrative official approval in accordance with policies and procedures mutually
30 agreed to by University and Affiliate.
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- Payments for moving and relocation expenses of University employees covered by PM 13 have been approved approval in accordance with policies and procedures mutually agreed to by University and Affiliate.
- Payments have not been made for expenses that are solely for the private benefit of a University employee (or the family or spouse of a University employee or other non-employee who is on University business) unless approved in accordance with Section 2 of Exhibit B and Section 6.3 of the UAA.
- Fines, forfeitures or penalties of University employees have not been paid by the Affiliate.
- Gifts represented to be personally from a University employee in his or her personal capacity have not been made by the Affiliate nor has any University employee been reimbursed for the purchase of such a gift.
- Political contributions which are prohibited by applicable Internal Revenue Service Regulations or state law have not been made or reimbursed.
- Funds have not been disbursed in connection with contracts (or other agreements including employment agreements) between the Affiliate and a University employee unless recommended by the Chancellor (or equivalent) and approved by the LSU President or the Board of Supervisors.
- Funds have been not disbursed for any purpose which is not consistent with Affiliate’s tax-exempt mission and the purpose(s) stated in section 1.1 of the UAA.
- Funds have not been disbursed for any purpose that would result in a finding that either (i) Affiliate is being operated for the benefit of private interests, or (ii) Affiliate has permitted its net earnings to inure to the benefit of any private shareholder or individual, in violation of applicable provisions of the Internal Revenue Code as

1 amended.

2

3 The sample size will be mutually determined by the Affiliate and University prior to the
4 engagement.

5

- 6 4. Obtain a written representation from the Affiliate that, in accordance with Section 5.3 of the
7 UAA, Affiliate has (a) provided the Auditor with a copy of its current UAA including any
8 amendments thereto; (b) provided the Auditor with access to all documents and other
9 information relevant to the UAA; and, (c) represented to its auditors that except to the extent
10 disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has
11 complied with all applicable provisions of the UAA.