

### **Annual Financial Audits and Oversight of University-Related Private Foundations**

Privately chartered foundations, associations, and clubs from time to time have been established by interested citizens for the purpose of providing resources to enrich various programs of the constituent institutions of the University of North Carolina with which they are identified. Both the academic and athletic programs of the affected constituent institutions have benefited substantially from the generous contributions made by such private organizations. On August 25, 1989, President Spangler, proposed the timely public disclosure of appropriate financial information concerning the operation of such private organizations, as a means of allaying possible public concern about the purposes of such organizations and the nature and extent of benefactions realized by the constituent institutions. The Board of Governors thereafter resolved that the President shall direct the chancellor of each constituent institution to request annually of the appropriate officer of any such private foundation, association, or club, organized for the primary purpose of providing financial support to the constituent institution, a copy of the organization's annual independent financial audit, with the understanding that such audit would not be required to include identification of persons or entities that have made contributions to the organization; that copies of said audits shall in turn be supplied by the chancellor to the Board of Trustees of the institution and to the President; and that such audits thereafter shall be deemed to be public records.

In November 1997, the Board of Governors found it appropriate to require that there be means, in addition to the annual financial report, by which the University and the constituent institutions could maintain fiscal familiarity and comfort with those independent organizations serving the University or any of its constituent institutions. To accomplish this, the Board of Governors directed the President, through the chancellors or other appropriate University officials, to require that any private foundation, private association, or private club created for the primary purpose of financial support to the University of North Carolina or to a constituent institution of the University meet organizational, governance, and fiscal guidelines of the President, as a condition for the use, or continued use, of the supported institution's name or other resources.

[This is a rewrite of resolutions adopted by the Board of Governors on February 9, 1990, and November 14, 1997, respectively.]