AUDIT
DECEMBER 21, 2016

TAB	DESCRIPTION	ACTION
1	**FY 2017 FINANCIAL STATEMENT AUDITS**	Motion to approve
2	**FY 2017 FINANCIAL RATIOS**	Information item
3	**FY 2017 NET POSITION BALANCES**	Information item
4	**LEWIS-CLARK STATE COLLEGE FOUNDATION OPERATING AGREEMENT**	Motion to approve

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SUBJECT

College/university FY2017 audit findings reported by the Idaho State Board of Education's external auditor

REFERENCE

December 2016	Board reviewed FY 2016 audit findings

APPLICABLE STATUTE, RULE OR POLICY

Idaho State Board of Education Bylaws, Section V.H.4.f.

BACKGROUND/DISCUSSION

The Idaho State Board of Education (Board) has contracted with Moss Adams LLP, an independent certified public accounting firm, to conduct the annual financial audits of Boise State University, Idaho State University, University of Idaho, Lewis-Clark State College, and Eastern Idaho Technical College.

The financial audits for FY2017 were conducted in accordance with Generally Accepted Government Auditing Standards and include an auditor's opinion on the basic financial statements prepared by each of the five institutions.

IMPACT

There were two significant findings for Boise State University, related to internal controls for Research and Development. There was one significant finding for Idaho State University, related to posting of journal entries. Moss Adams' audit results presentation, which was provided to the Audit Committee, is attached for the Board's reference.

ATTACHMENTS

Attachment 1 - Moss Adams Audit Results Report	Page 3

STAFF COMMENTS AND RECOMMENDATIONS

On November 8, 2017, Moss Adams reviewed their audit findings with members of the Audit Committee and Board staff. This was followed by presentations by senior managers from the audited colleges and universities on their financial statements. Board members were provided with copies of the audit reports and financial statements. The institutions which received significant findings have identified actions to correct and prevent recurrence of the noted problems. Staff recommends acceptance of the financial audit reports submitted by Moss Adams.

BOARD ACTION

I move to accept from the Audit Committee the Fiscal Year 2017 financial audit reports for Boise State University, Idaho State University, University of Idaho, Lewis-Clark State College, and Eastern Idaho Technical College, as submitted by Moss Adams LLP in Attachment 1.

Moved by__________ Seconded by__________ Carried Yes_____ No_____

Idaho State Board of Education

Audit Committee

Presentation of Audit Results

November 8, 2017

Boise State University
Idaho State University
University of Idaho
Lewis-Clark State College
Eastern Idaho Technical College

Scott Simpson
Tammy Erickson

MOSSADAMS

Idaho State Board of Education
Audit Committee Debrief

November 8, 2017

Moss Adams Leadership Team

Overall

Scott Simpson, Partner	541-686-1040	scott.simpson@mossadams.com

Institution Specific

Pam Cleaver, Partner	509-248-7750	pam.cleaver@mossadams.com
Tammy Erickson, Partner	509-747-2600	tammy.erickson@mossadams.com

Contract Deliverables

For each institution

- Auditor's Report on Financial Statements – GAAS
- Auditor's Report on Financial Statements – GAGAS
- Auditor's Report on Compliance in Accordance with OMB Uniform Guidance
- Required Communication – AU 260
- AU 265 Letters & Management Letters

Additional items for individual institutions

- NCAA Agreed-Upon Procedures for UI, BSU, ISU Presidents
- Auditor's Report on Financial Statements for Boise State Radio

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Idaho State Board of Education
Audit Committee Debrief – cont.

November 8, 2017

	Financial Statement	Internal Control		Uniform Guidance	
	Opinion	Material Weakness	Significant Deficiency	Opinion	Findings
University of Idaho	Unmodified	None	None	Unmodified	None
Lewis-Clark State College	Unmodified	None	None	Unmodified	None
Boise State University	Unmodified	None	None	Unmodified	**Two**
Idaho State University	Unmodified	None	**One**	Unmodified	None
Eastern Idaho Technical College	Unmodified	None	None	Unmodified	None

Required Communications To Those Charged With Governance Formal Letters in each Section	University of Idaho	Lewis-Clark State College	Boise State University	Idaho State Unviersity	Eastern IdahoTechnical College
Auditor's Responsibility Under Generally Accepted Auditing Standards	As Planned	As Planned	As Planned	As Planned	As Planned
Planned Scope and Timing of the Audit	As Planned	As Planned	As Planned	As Planned	As Planned
Significant Accounting Policies	FN 1	FN 1	FN 1	FN 1	FN 1
Significant Accounting Estimates	As Discussed	As Discussed	As Discussed	As Discussed	As Discussed
Financial Statement Disclosures	12, 13, 17	8, 10, 13	8, 10 11, 12, 14	7, 10, 11, 13	7, 8, 9
Significant Difficulties Encountered During the Audit	None	None	None	None	None
Corrected and Uncorrected Misstatements	None	None	None	None	None
Disagreements with Management	None	None	None	None	None
Management Representations	Available	Available	Available	Available	Available
Management Consultations with Other Accountants	None	None	None	None	None
Other Signficant Findings or Issues	None	None	None	None	None
Internal Control Matters to be Reported	None	None	None	**One**	None
Fraud Uncovered During the Audit	None	None	None	None	None

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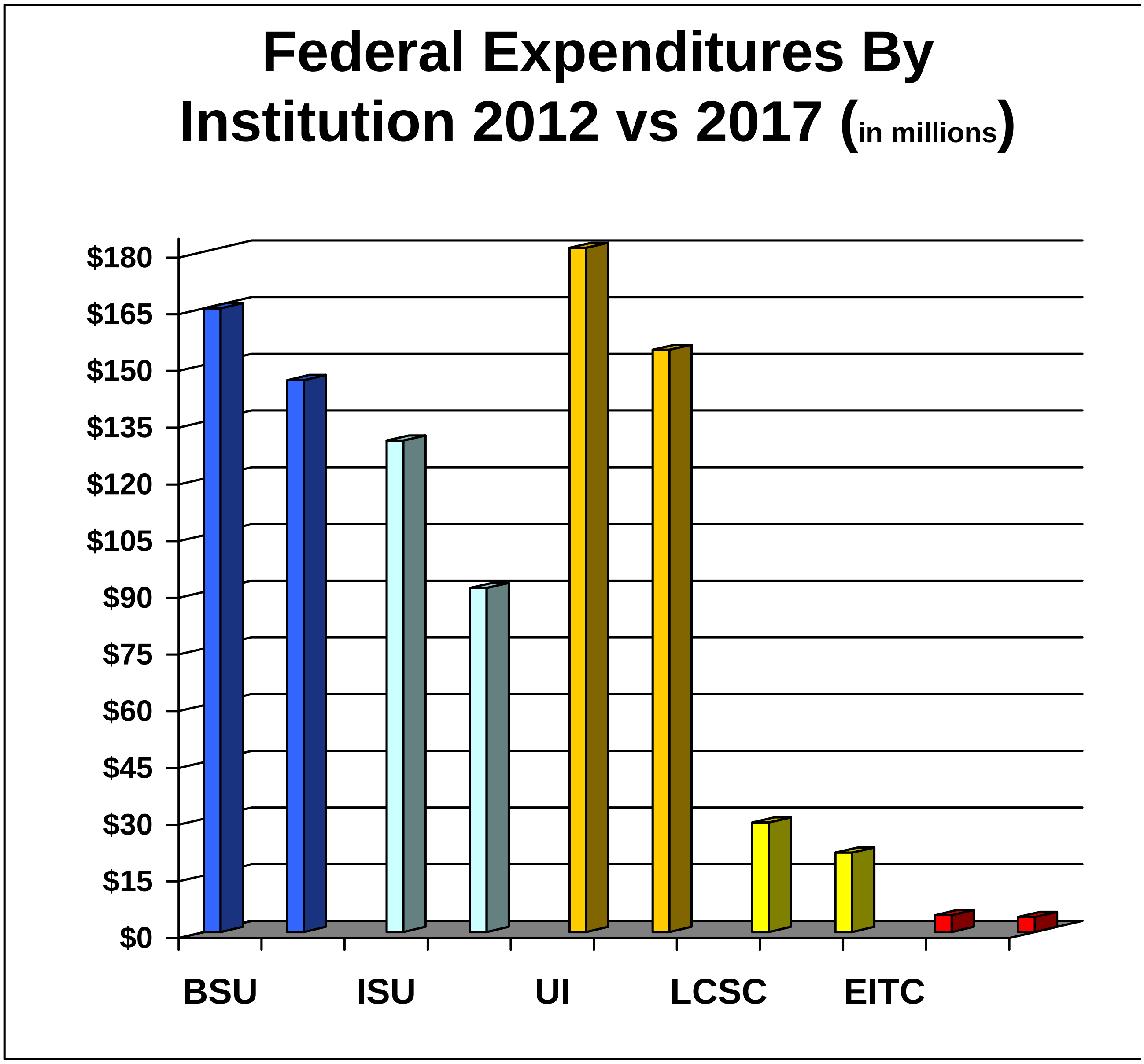
Idaho Colleges and Universities
Presentation of Audit Results – cont.

November 8, 2017



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University of Idaho
Presentation of Audit Results

November 8, 2017

Scott Simpson, Partner 541-686-1040 scott.simpson@mossadams.com

Primary Contacts at Moss Adams for UI

Tammy Erickson, Partner

6 auditors at UI from Moss Adams
1 exempt tax specialist
1 IT specialists

Fieldwork Dates

Interim Fieldwork	May 30 – June 2
F/S Fieldwork	August 21 – 25

Audit Reporting and Timing

Audit Report Dated	September 29, 2017
Audit Report Issued	September 29, 2017
Auditors Report on Financial Statements	Unmodified
Auditors Report on Compliance	Unmodified
Internal Control Issues Identified & Reported	None Reported
Audit findings related to Compliance Audit	None Reported

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

CFDA Number(s)	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued on Compliance for Major Federal Programs*
Various	Student Financial Assistance Cluster	Unmodified
93.575	Child Care and Development Fund Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs: $ 3,000,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Section II - Financial Statement Findings

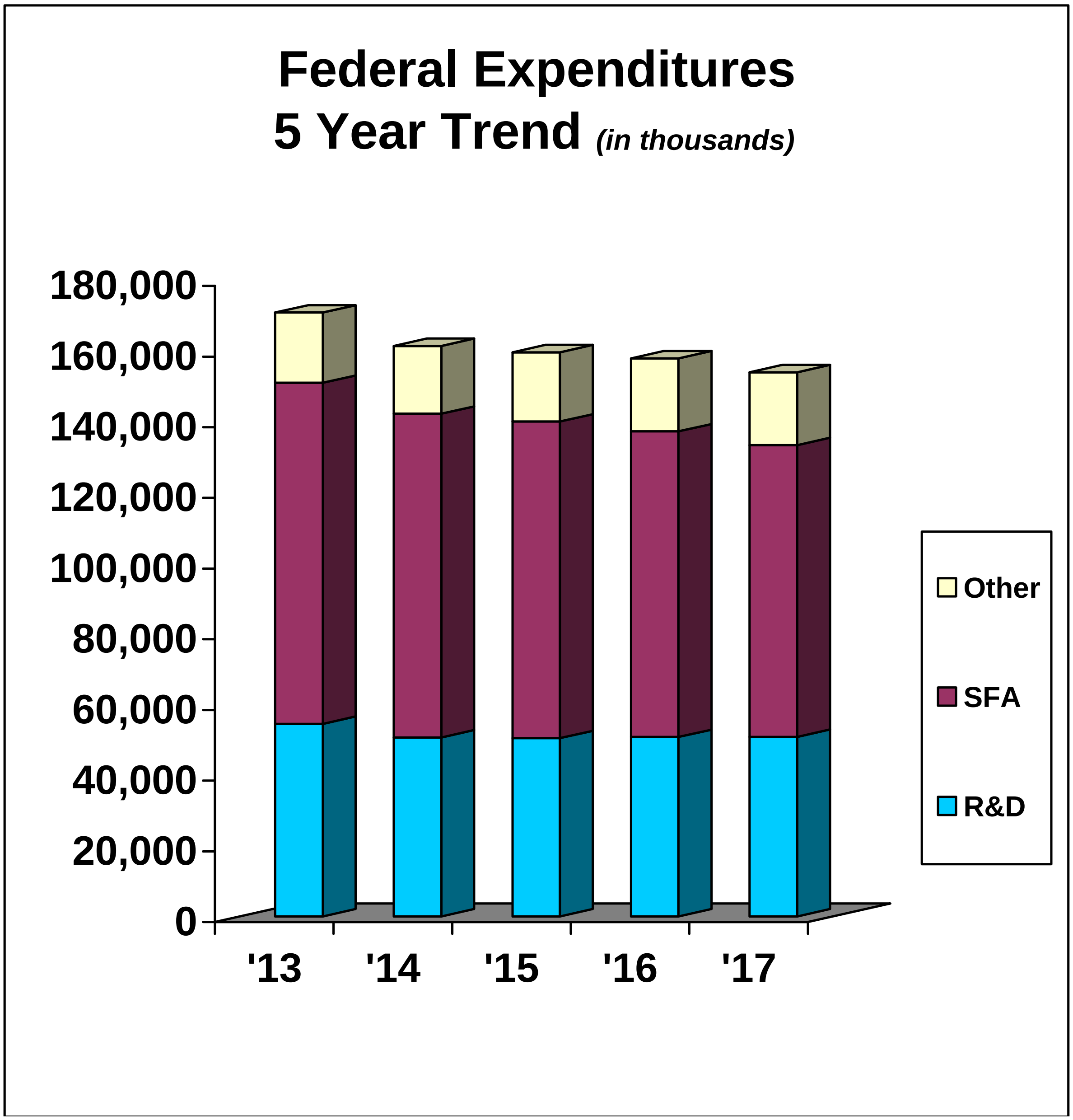
None reported

Section III - Federal Award Findings and Questioned Costs

None reported

University of Idaho
Presentation of Audit Results – cont.

November 8, 2017



COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

FOR

UNIVERSITY OF IDAHO

June 30, 2017

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Communications with Those Charged with Governance

To the Audit Committee
Idaho State Board of Education

We have audited the financial statements of the University of Idaho (University) and the discretely presented component unit, University of Idaho Foundation (Foundation), as of and for the years ended June 30, 2017 and 2016, and the aggregate remaining fund information of the University (the University of Idaho Health Benefits Trust and the University of Idaho Retiree Benefits Trust), as of and for the years ended December 31, 2016 and 2015, and have issued our report thereon dated September 29, 2017. The financial statements of the Foundation and University of Idaho Health Benefits Trust were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation and the University of Idaho Health Benefits Trust, are based solely on the reports of other auditors. In addition, this required information does not include the other auditors' audit results or other matters that are reported on separately by other auditors. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America; *Government Auditing Standards*, Issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the Audit Provisions of the OMB Uniform Guidance

As stated in our presentation to the Audit Committee on March 1, 2017, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in accordance with accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit in accordance with auditing standards generally accepted in the United States of America and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America; *Government Auditing Standards,* Issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the Audit Provisions of the OMB Uniform Guidance (continued)

Accordingly, we considered the University's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests on its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), we examined, on a test basis, evidence about the University's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the University's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the University's compliance with those requirements.

We also considered the internal controls over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting on March 1, 2017.

Qualitative Aspects of Accounting Practices

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the University are described in Note 1 to the financial statements. There were no changes in the application of existing policies during 2017.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the estimates in determining they are reasonable in relation to the financial statements taken as a whole.

The most sensitive estimates affecting the financial statements are as follows:

- Fair value of investments
- The collectability of student loans receivable and accounts receivable
- The useful lives of capital assets
- The compensated absence accrual amount
- The classification of net position by type: net investment in capital assets, restricted for expendable, and unrestricted
- The actuarially determined liabilities related to pensions and other post-employment benefit obligations

Financial Statement Disclosures

We believe the disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were Note 12 related to retirement plans, Note 13 related to postemployment benefits (other than pensions) and retiree benefits trust, and Note 17 related to the Foundation.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

There were no other known or likely misstatements identified during the audit, other than those considered trivial.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain written representations from management that are included in the management representation letter dated September 29, 2017.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" in certain situations. If a consultation involves application of an accounting principle to the University's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the University's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the schedule of expenditures of federal awards (supplementary information) accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine the information complies with U.S. GAAP, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Our responsibility for other information in the management's discussion and analysis on pages 4 through 16 and the schedules of University's proportionate share of net pension liability – PERSI base plan, University contributions – PERSI base plan, funding progress – Retiree Benefits Trust and employer contributions – Retiree Benefits Trust on page 73, which is labeled as "required supplementary information," includes applying certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

This information is intended solely for the use of Idaho State Board of Education Audit Committee and management of the University and is not intended to be, and should not be used by anyone other than these specified parties.

Moss Adams LLP

Portland, Oregon
September 29, 2017

Lewis-Clark State College
Presentation of Audit Results

November 8, 2017

Scott Simpson, Partner 541-686-1040 scott.simpson@mossadams.com

Primary Contacts at Moss Adams for LCSC

Tammy Erickson, Partner
Sasha Correnti, Manager

5 auditors at LCSC from Moss Adams
1 IT specialists

Fieldwork Dates

Interim Fieldwork	May 8 - 12
F/S Fieldwork	August 28 – September 1

Audit Reporting and Timing

Audit Report Dated	September 27, 2017
Audit Report Issued	September 27, 2017
Auditors Report on Financial Statements	Unmodified
Auditors Report on Compliance	Unmodified
Internal Control Issues Identified & Reported	None Reported
Audit findings related to Compliance Audit	None Reported

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

CFDA Number(s)	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued on Compliance for Major Federal Programs*
Various	Student Financial Assistance Cluster	*Unmodified*

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

LEWIS-CLARK STATE COLLEGE

LEWIS-CLARK STATE COLLEGE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

FINDING 2016-001 – Borrower Data Transmission and Reconciliation (Direct Loan), Significant Deficiency in Internal Control Over Compliance

CFDA Number(s)	*Program Name/Title*	*Federal Agency/ Pass-through Entity*	*Federal Award Number*	*Award Year*
84.268	Student Financial Assistance Cluster	United States Department of Education	P268K160100	2016

Criteria: Per the compliance requirements for student financial assistance, each month, the Common Origination and Disbursement (COD) provides institutions with a School Account Statement (SAS) data file that consists of a Cash Summary, Cash Detail, and Loan Detail records. The College is required to reconcile these files to their financial records on a monthly basis.

Condition: Monthly reconciliations were not performed on a consistent basis. Evidence of review and approval of reconciliations is not retained by the College and a documented policy and procedure does not currently exist.

Current Status: Cleared.

Controller's Office
500 8th Avenue, Lewiston, ID 83501 • Phone: (208) 792-2202 • Fax: (208) 792-2778 • www.lcsc.edu
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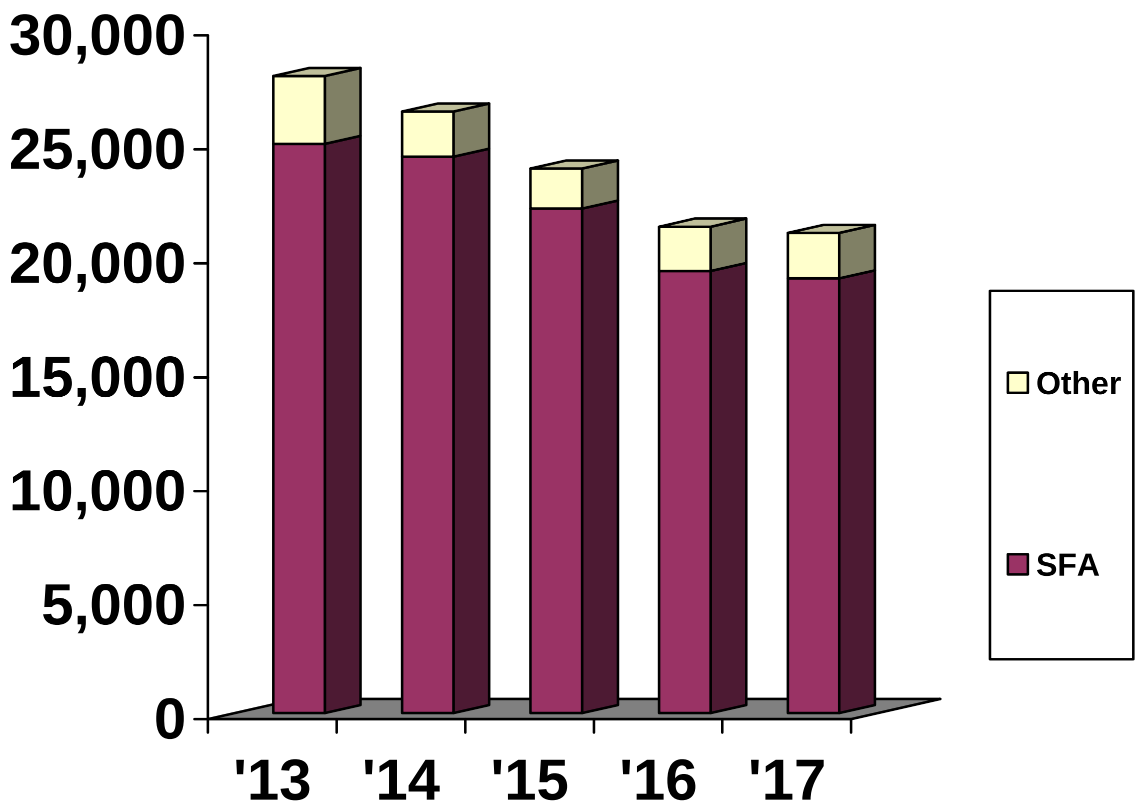
Lewis-Clark State College
Presentation of Audit Results – cont.

November 8, 2017

Federal Expenditures 5 Year Trend *(in thousands)*



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COMMUNICATIONS WITH THOSE
CHARGED WITH GOVERNANCE

FOR

IDAHO STATE BOARD OF EDUCATION
LEWIS – CLARK STATE COLLEGE

June 30, 2017

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Communications with Those Charged with Governance

Idaho State Board of Education
Lewis-Clark State College

We have audited the financial statements of Lewis-Clark State College and its discretely presented component unit, the Lewis-Clark State College Foundation, Inc. (collectively, College) as of and for the year ended June 30, 2017, and have issued our report thereon dated September 27, 2017. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and *Government Auditing Standards*, Issued by the Comptroller General of the United States of America

As stated in a meeting with the Audit Committee on March 1, 2017, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we considered the College's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and *Government Auditing Standards*, Issued by the Comptroller General of the United States of America (continued)

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests on its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we examined, on a test basis, evidence about the College's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the College's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the College's compliance with those requirements.

We also considered the internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Uniform Guidance.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting on March 1, 2017.

Significant Audit Findings and Issues

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the College are described in Note 1 to the financial statements. There were no changes in the application of existing policies during 2017. We noted no transactions entered into by the College during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the estimates in determining they are reasonable in relation to the financial statements taken as a whole.

The most sensitive estimates affecting the financial statements were:

- Allowance for uncollectible accounts receivable
- Useful lives of capital assets
- Valuation of investments
- Actuarial determined liability related to pensions and other post-employment benefit obligations

Financial Statement Disclosures

The disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were disclosure of retirement plans in Note 8 to the financial statements, disclosure of related party transactions in Note 10 to the financial statements, and disclosure of component unit in Note 13 to the financial statements.

Significant Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We detected no corrected or uncorrected misstatements of the financial statements as part of our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 27, 2017.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” in certain situations. If a consultation involves application of an accounting principle to the College’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the College’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine the information complies with U.S. GAAP, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We do not express an opinion or provide any assurance on the information, other than schedule of expenditures of federal awards, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

This information is intended solely for the use of the Idaho State Board of Education and management of Lewis-Clark State College and is not intended to be, and should not be, used by anyone other than these specified parties.

Moss Adams LLP

Portland, Oregon
September 27, 2017

Boise State University
Presentation of Audit Results

November 8, 2017

Scott Simpson, Partner 541-686-1040 scott.simpson@mossadams.com

Primary Contacts at Moss Adams for BSU

Pam Cleaver, Partner
Brandon Flory, Senior Manager

6 auditors at BSU from Moss Adams
1 IT specialists

Fieldwork Dates

Interim Fieldwork	June 5 - 9
F/S Fieldwork	August 28 – September 1

Audit Reporting and Timing

Audit Report Dated	October 13, 2017
Audit Report Issued	October 13, 2017
Auditors Report on Financial Statements	Unmodified
Auditors Report on Compliance	Unmodified
Internal Control Issues Identified & Reported	None Reported
Audit findings related to Compliance Audit	Two Reported

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	☐ Yes ☒ No
• Significant deficiency(ies) identified?	☐ Yes ☒ None reported
Noncompliance material to financial statements noted?	☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	☐ Yes ☒ No
• Significant deficiency(ies) identified?	☒ Yes ☐ None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	☒ Yes ☐ No

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

CFDA Number(s)	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued on Compliance for Major Federal Programs*
Various	Research & Development Cluster	Unmodified
Various	Student Financial Assistance Cluster	Unmodified
84.027A	Special Education Cluster	Unmodified
11.611	Manufacturing Extension Partnership	Unmodified

Dollar threshold used to distinguish between type A and type B programs:	$ 952,195
Auditee qualified as low-risk auditee?	☒ Yes ☐ No

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-001 Reporting
Significant Deficiency in Internal Controls over Compliance, Non-compliance

Federal Programs: Research and Development Cluster (various CFDA numbers) and Special Education Cluster (CFDA #84.027A)

Criteria:
The University is required to submit financial and performance reports within a specified time frame after a reporting period.

Condition:
The University is not in compliance with the federal requirement requiring timely submission of reports. During our testing of this compliance requirement we found that there were multiple instances of reports submitted after the deadline during fiscal year 2017.

For the Research and Development Cluster, one financial report was filed 4 months after the due date and another financial report was filed 2 days after the due date.

For the Special Education Cluster, one performance report was filed 15 days after the due date and another performance report was filed 13 days after the due date.

Questioned costs:
None.

Context:
Of the 11 financial reports examined for the Research and Development Cluster, 2 were submitted late.

Of the 3 performance reports examined for the Special Education Cluster, 2 were submitted late.

Effect:
Reports were not submitted within the required timeframe.

Cause:
There was insufficient monitoring of the deadlines by the Office of Sponsored Programs.

Repeat finding:
No.

Recommendation:
The University should establish and monitor a control system to ensure all reports are prepared and submitted in accordance with the federal requirements.

Views of responsible officials and planned corrective actions:
BSU implemented a new financial system during FY 2017. The post-award work list and calendaring software in the new financial system did not initially function as expected. Prior to this year's Single Audit and continuing to this date, the Office of Sponsored Programs has focused on enhancing the effectiveness of this software to ensure reporting compliance. OSP management has also implemented a process to review and update all work list deliverables and will monitor report deliverable submissions monthly.

FINDING 2017-002 Reporting
Significant Deficiency in Internal Control over Compliance, Non-compliance

Federal Program: Research and Development Cluster, various CFDA numbers

Criteria:
The University is required to submit financial reports, which are due within a specified timeframe after the reporting period. The federal cash receipts, and federal cash disbursements included in these reports should match or reconcile to the general ledger or other supporting documentation before the reports are filed.

Condition:
During our testing of quarterly SF-425 reports, we noted an instance where the amounts reported on the SF-425 did not match supporting documentation.

Questioned costs:
None.

Context:
Of the 11 financial reports tested, one report did not agree to supporting documentation.

Effect:
The University submitted a report that did not tie to supporting documentation.

Cause:
Due to system conversions during the current fiscal year, there was a lack of a formalized review process to ensure submitted reports agreed to underlying supporting documentation.

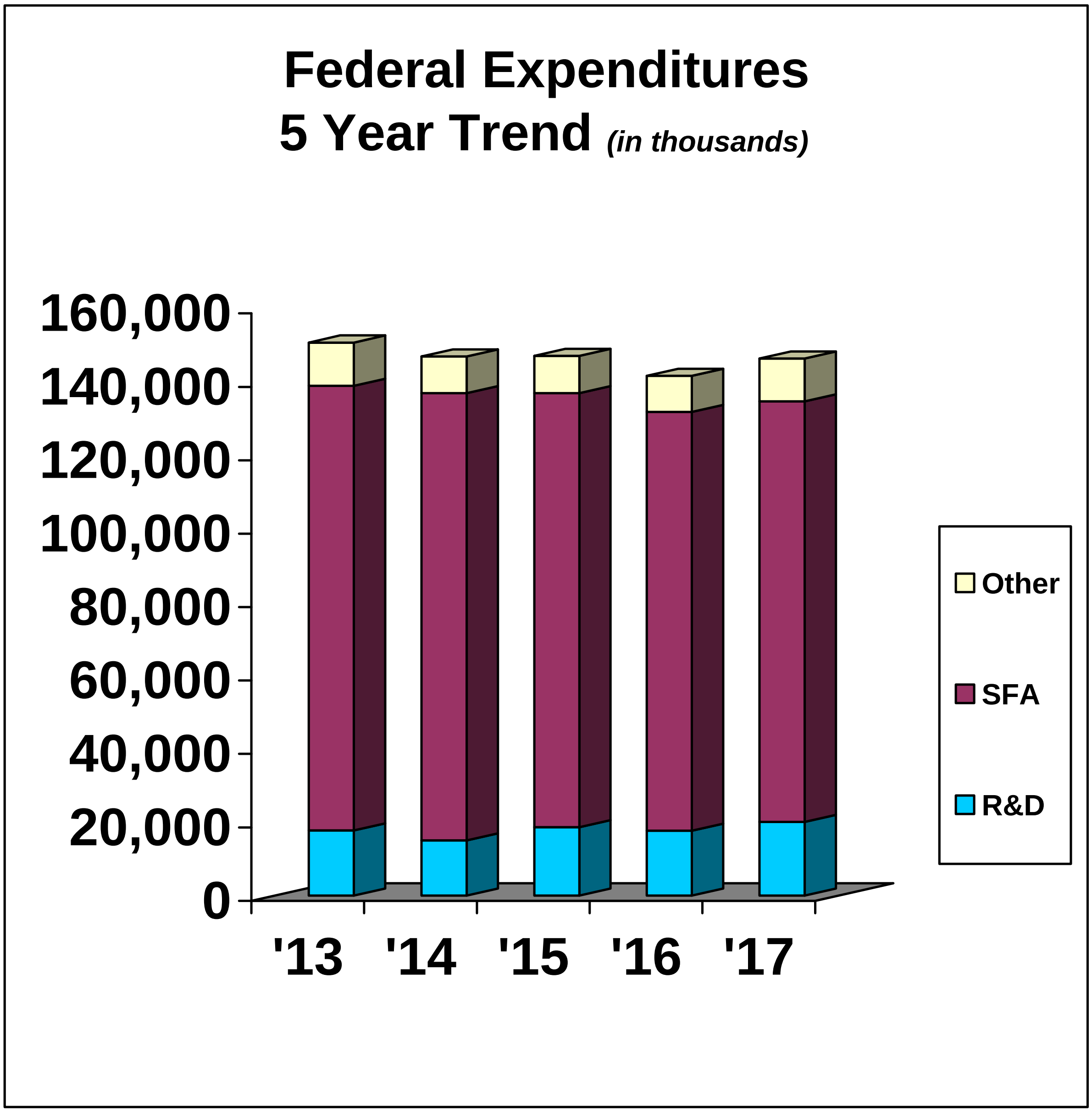
Repeat finding:
No.

Recommendation:
We recommend the University ensure all reports are accurate, submitted on a timely basis, and are supported by the general ledger detail or other documents supporting the revenues and expenditures prior to submitting them to the federal awarding agencies.

Views of responsible officials and planned corrective actions:
The financial report contained a typographical error and as such did not match the supporting documentation. The supporting financial information was correct, and the correct amount was drawn from the sponsor. OSP will implement a process to review financial reports for typographical errors.

Boise State University
Presentation of Audit Results – cont.

November 8, 2017



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Communications with Those Charged with Governance

To the Audit Committee of the
Idaho State Board of Education

We have audited the financial statements of Boise State University (the University) and its discretely presented component unit, Boise State University Foundation, Inc. (Foundation) as of and for the years ended June 30, 2017 and 2016, and have issued our report thereon dated October 13, 2017. We did not audit the financial statements of Boise State University Foundation, Inc., a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for that component unit, is based solely on the report of other auditors. In addition, this required information does not include the other auditors' audit results or other matters that are reported on separately by other auditors. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America and *Government Auditing Standards*, Issued by the Comptroller General of the United States of America

As stated in the meeting with the Audit Committee on March 8, 2017, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we considered the University's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests on its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we examined, on a test basis, evidence about the University's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the University's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the University's compliance with those requirements.

We also considered the internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Uniform Guidance.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in in our meeting on March 8, 2017.

Qualitative Aspects of Accounting Practices

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the University are described in Note 1 to the financial statements. There were no changes in the application of existing policies during 2017 except for the implementation of GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants* and GASB Statement No. 82 – *Pension Issues,* as described in Note 1 to the financial statements. We noted no transactions entered into by the University during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the estimates in determining they are reasonable in relation to the financial statements taken as a whole.

The most sensitive estimates affecting the financial statements were:

- Allowance for uncollectible accounts receivable at June 30, 2017
- Useful lives of capital assets
- Valuation of investments

- Actuarial determined liability related to pensions and other post-employment benefit obligations

Financial Statement Disclosures

We believe the disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

Note 8 - Bonds and notes payable

Note 10 - Retirement plans and post retirement use of unused sick leave

Note 11 - Pension plans

Note 12 - Postemployment benefits other than pensions

Note 14 - Component unit - Boise State University Foundation

Significant Difficulties Encountered in Performing the Audit

The Audit Committee should be informed of any significant difficulties encountered in dealing with management related to the performance of the audit.

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no material misstatements detected as a result of our audit procedures which required correction by management, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 13, 2017.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the University's financial statements, or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the University's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine the information complies with U.S. GAAP, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

This information is intended solely for the use of the Audit Committee of the Idaho State Board of Education and management of Boise State University and is not intended to be, and should not be, used by anyone other than these specified parties.

Moss Adams LLP

Eugene, Oregon
October 13, 2017

Idaho State University
Presentation of Audit Results

November 8, 2017

Scott Simpson, Partner 541-686-1040 scott.simpson@mossadams.com

Primary Contacts at Moss Adams for ISU

Scott Simpson, Partner
Kyle Hauser, Manager

5 auditors at ISU from Moss Adams
2 IT specialists

Fieldwork Dates

Interim Fieldwork	May 30 – June 2
F/S Fieldwork	August 28 – September 1

Audit Reporting and Timing

Audit Report Dated	October 13, 2017
Audit Report Issued	October 13, 2017
Auditors Report on Financial Statements	Unmodified
Auditors Report on Compliance	Unmodified
Internal Control Issues Identified & Reported	One Reported
Audit findings related to Compliance Audit	None Reported

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IDAHO STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☒ Yes ☐

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR Section 200.516(a)? ☐ Yes ☒ No

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

CFDA Numbers	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued on Compliance for Major Federal Programs*
Various	Student Financial Assistance Cluster	Unmodified
Various	Research & Development Cluster	Unmodified

- Dollar threshold used to distinguish between type A and type B programs: $ 750,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Section II - Financial Statement Findings

FINDING 2017-001 – Lack of Manual Journal Entry Review, Significant Deficiency in Internal Controls

Criteria:
Manual journal entries should be reviewed by an individual separate from the individual posting the entry to the general ledger.

IDAHO STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Condition:

Certain manual entries posted to the general ledger showed no evidence of review. This appeared to be isolated to one individual.

Context:

It was observed that certain manual entries posted to the general ledger showed no evidence of review.

Effect:

Without a secondary review of manual journal entries, misstatements posted to the general ledger could go undetected.

Cause:

Over the past few years, significant turnover in the finance and accounting department and this situation appeared to be isolated to one individual.

Recommendation:

We recommend that the University review all of their policies and procedures surrounding manual journal entries, such that all manual journal entries be formally reviewed and that evidence of review is documented.

Views of responsible officials and planned corrective actions:

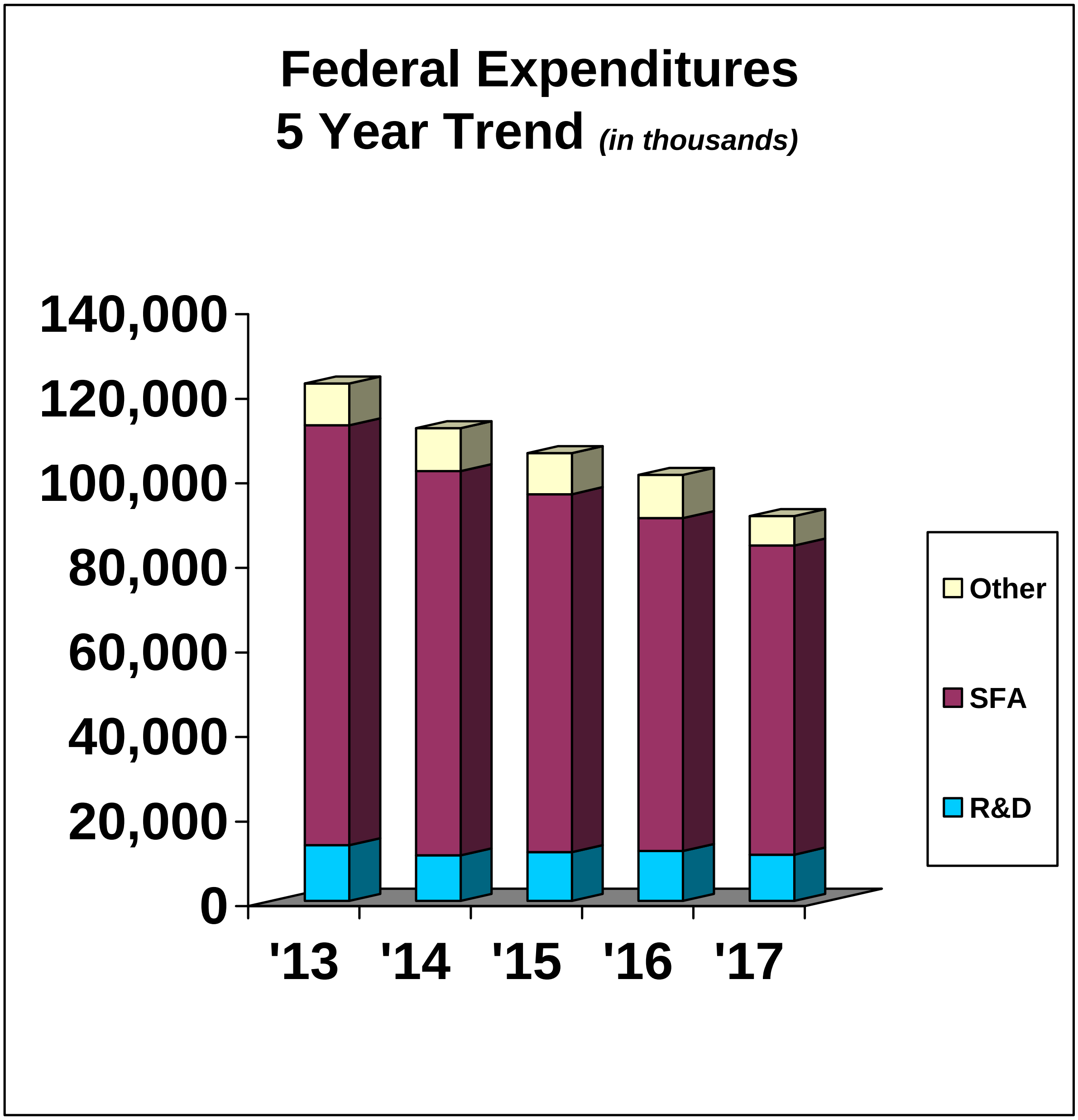
In March of 2017, we initiated a self-generated transition and reorganization of our controller's office staff. Subsequently, through a course of internal assessment management has looked at ways to improve processes and workflow. We acknowledge the identified control weakness of journal entry review. As a result, we have implemented the practice of having secondary review and sign off for all journal entries.

Section III - Federal Award Findings and Questioned Costs

None

Idaho State University
Presentation of Audit Results – cont.

November 8, 2017



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COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

FOR

IDAHO STATE UNIVERSITY

June 30, 2017

MOSSADAMS

Communications with Those Charged with Governance

To the Audit Committee
Idaho State Board of Education

We have audited the financial statements of Idaho State University (University) and its discretely presented component unit; Idaho State University Foundation, Inc. as of and for the year ended June 30, 2017, and have issued our report thereon dated October 13, 2017. We did not audit the financial statements of Idaho State University Foundation, Inc., a discretely presented component unit, as described in Note 13. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for that component unit, is based solely on the report of other auditors. In addition, this required information does not include the other auditors' audit results or other matters that are reported on separately by other auditors. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in The United States of America Government Auditing Standards, Issued by the Comptroller General of the United States of America

As stated in our engagement contract dated November 18, 2015, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in Government Auditing Standards and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we considered University's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

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Our Responsibility Under Auditing Standards Generally Accepted in The United States of America Government Auditing Standards, Issued by the Comptroller General of the United States of America (continued)

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests on its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we examined, on a test basis, evidence about the University's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the University's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the University's compliance with those requirements.

We also considered the internal controls over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in the management's discussion and analysis as listed in the table of contents and certain information in Note 10, Pension Plan, and Note 11, Postemployment Benefits Other Than Pensions, labeled as "required supplementary information", and the schedule of expenditures and federal awards, includes applying certain limited procedures to the required supplementary information and other supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting on March 1, 2017.

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Significant Audit Findings and Issues

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the University are described in Note 1 to the financial statements. No new accounting policies were adopted and there were no changes in the application of existing policies during 2017. We noted no transactions entered into by the University during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the allowance for uncollectible accounts receivable, the useful lives of capital assets, the valuation of investments, and the actuarially determined liability related to other post employment benefit obligations and pension liability. We evaluated the key factors and assumptions used to develop management's estimates in determining they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

We believe the disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We believe the most sensitive disclosures affecting the financial statements were Note 7 related to noncurrent liabilities, Notes 10 and 11 related to retirement plans, and Note 13 related to the component unit.

Significant Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no material misstatements detected as a result of our audit procedures which required correction by management, either individually or in the aggregate, to the financial statements taken as a whole.

MOSSADAMS

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 13, 2017.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" in certain situations. If a consultation involves application of an accounting principle to the University's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the University's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine the information complies with U.S. GAAP, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Idaho State Board of Education Audit Committee and management of Idaho State University and is not intended to be, and should not be used by anyone other than these specified parties.

Moss Adams LLP

Portland, Oregon
October 13, 2017

Eastern Idaho Technical College

Presentation of Audit Results

November 8, 2017

Scott Simpson, Partner 541-686-1040 scott.simpson@mossadams.com

Primary Contacts at Moss Adams for EITC

Scott Simpson, Partner
Kyle Hauser, Manager

4 auditors at EITC from Moss Adams

Fieldwork Dates

Interim Fieldwork	May 22 - 26
F/S Fieldwork	August 22 - 25

Audit Reporting and Timing

Audit Report Dated	October 20, 2017
Audit Report Issued	October 20, 2017
Auditors Report on Financial Statements	Unmodified
Auditors Report on Compliance	Unmodified
Internal Control Issues Identified & Reported	None Reported
Audit findings related to Compliance Audit	None Reported

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Eastern Idaho Technical College
June 30, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal program:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)? ☐ Yes ☒ No

Identification of Major Federal Programs and Type of Auditor's Report Issued on Compliance for Major Federal Programs

CFDA Number(s)	*Name of Major Federal Program or Cluster*	*Type of Auditor's Report Issued on Compliance for Major Federal Program(s)*
Various	Student Financial Assistance Cluster	*Unmodified*

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Section II - Financial Statement Findings

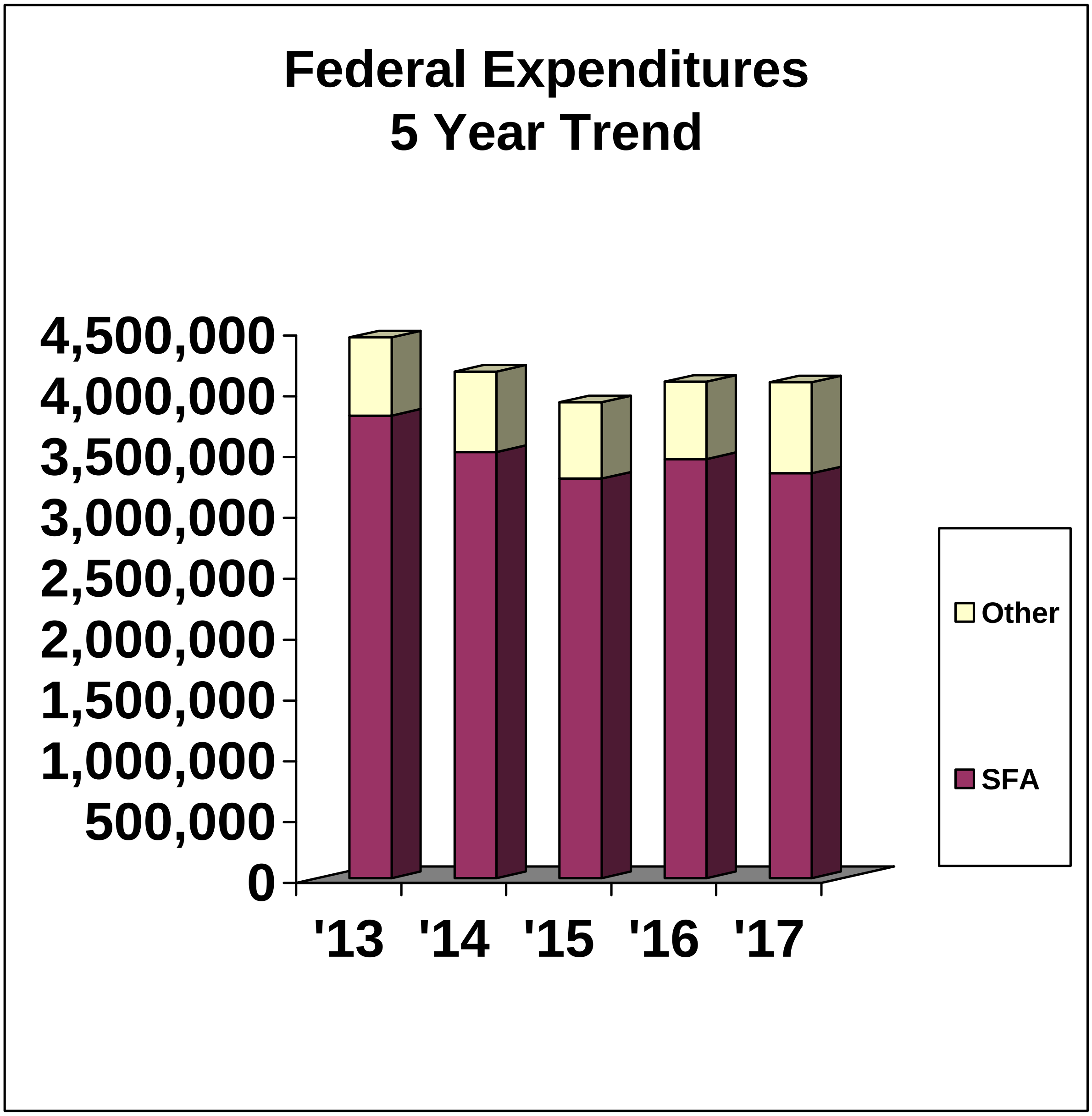
None reported

Section III - Federal Award Findings and Questioned Costs

None reported

Eastern Idaho Technical College
Presentation of Audit Results – cont.

November 8, 2017



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COMMUNICATIONS WITH THOSE
CHARGED WITH GOVERNANCE

FOR

Eastern Idaho Technical College

June 30, 2017

MOSSADAMS

Communications with Those Charged with Governance

To the Audit Committee
Idaho State Board of Education

We have audited the financial statements of Eastern Idaho Technical College (College) and its discretely presented component unit; Eastern Idaho Technical College Foundation, Inc. as of and for the year ended June 30, 2017, and have issued our report thereon dated October 20, 2017. We did not audit the financial statements of Eastern Idaho Technical College Foundation, Inc., a discretely presented component unit, as described in Note 9. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for that component unit, is based solely on the report of other auditors. In addition, this required information does not include the other auditors' audit results or other matters that are reported on separately by other auditors. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in The United States of America Government Auditing Standards, Issued by the Comptroller General of the United States of America

As stated in our engagement contract dated November 18, 2015, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in Government Auditing Standards and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we considered College's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

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Our Responsibility Under Auditing Standards Generally Accepted in The United States of America Government Auditing Standards, Issued by the Comptroller General of the United States of America (continued)

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests on its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we examined, on a test basis, evidence about the College's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the College's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the College's compliance with those requirements.

We also considered the internal controls over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in the management's discussion and analysis as listed in the table of contents and certain information in Note 7, Pension Plan, and Note 8, Postemployment Benefits Other Than Pensions, labeled as "required supplementary information", and the schedule of expenditures and federal awards, includes applying certain limited procedures to the required supplementary information and other supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting on March 1, 2017.

MOSSADAMS

Significant Audit Findings and Issues

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the College are described in Note 1 to the financial statements. No new accounting policies were adopted and there were no changes in the application of existing policies during 2017. We noted no transactions entered into by the College during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the allowance for uncollectible accounts receivable, the useful lives of capital assets, and the actuarially determined liability related to other post employment benefit obligations and pension liability. We evaluated the key factors and assumptions used to develop management's estimates in determining they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

We believe the disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We believe the most sensitive disclosures affecting the financial statements were Notes 7 and 8 related to retirement plans, and Note 9 related to the component unit.

Significant Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no material misstatements detected as a result of our audit procedures which required correction by management, either individually or in the aggregate, to the financial statements taken as a whole.

MOSSADAMS

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 20, 2017.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" in certain situations. If a consultation involves application of an accounting principle to the College's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the College's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine the information complies with U.S. GAAP, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Idaho State Board of Education Audit Committee and management of Eastern Idaho Technical College and is not intended to be, and should not be used by anyone other than these specified parties.

Moss Adams LLP

Portland, Oregon
October 20, 2017

Idaho State Board of Education

Presentation of Audit Results – cont.

November 8, 2017

We are proud to be the auditor for Idaho Colleges and Universities and would like to extend our thanks to the Board Members, the Office of the State Board, and the Institutions.

Questions & Comments?

MOSS ADAMS LLP

Certified Public Accountants and Business Consultants

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SUBJECT

FY 2017 College and Universities' Financial Ratios

BACKGROUND/DISCUSSION

The ratios presented measure the financial health of each institution and include a "Composite Financial Index" based on four key ratios. The ratios are designed as management tools to measure financial activity and key trends within an institution over time. They typically do not lend themselves to comparative analysis between institutions because of the varying missions and structures of the institutions and current strategic initiatives underway at a given institution at a given time.

Institution foundations are reported as component units in the college and universities' financial statements. The nationally-developed ratio benchmarks model is built around this combined picture.[1] An institution's foundation holds assets for the purpose of supporting the institution. Foundation assets are nearly all restricted for institution purposes and are an important part of an institution's financial strategy and financial health.

This year the institutions were asked to add two additional ratios: Debt Burden and Life of Capital Assets. The Debt Burden ratio is calculated as debt service divided by adjusted expenditure. The benchmark for this ratio is set by the institution for no more than 8% per Board policy. The Age of Capital Assets ratio is calculated as accumulated depreciation divided by depreciation expense. The benchmark for this ratio is 10 for research institutions and 14 for undergraduate liberal arts institutions.

Ratio	Measure	Benchmark
Primary reserve	Sufficiency of resources and their flexibility; good measure for net assets	.40
Viability	Capacity to repay total debt through reserves	1.25
Return on net assets	Whether the institution is better off financially this year than last	6.00%
Net operating revenues	Whether institution is living within available resources	2.00%
Composite Financial Index	Combines four ratios using weighting	3.0
Debt Burden	Institution's dependence on borrowed funds	<= 8%
Age of Capital Assets	Recent vs deferred investments	10 - 14

IMPACT

[1] See *Strategic Financial Analysis for Higher Education: Identifying, Measuring & Reporting Financial Risks* (7th ed.). New York, NY: Prager, Sealy & Co., LLC; KPMG, LLP; Attain, LLC. The model's well vetted analysis developed by industry experts has been around and evolving since 1980. It is widely used and accepted in the higher education finance community.

These financial ratios and analyses are provided in order for the Board to review the financial health and year-to-year trends at the institutions. The ratios reflect a financial snapshot as of fiscal year end. The Audit Committee reviews key financial performance factors on a quarterly basis.

ATTACHMENTS

STAFF COMMENTS AND RECOMMENDATIONS

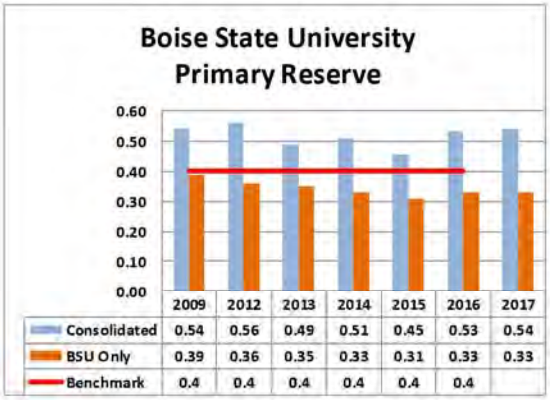
Staff will provide a brief tutorial on the definition and uses of the four key ratios and the Composite Financial Index. Institution representatives will be ready to provide a brief analysis of their financial ratios and answer Board members' questions.

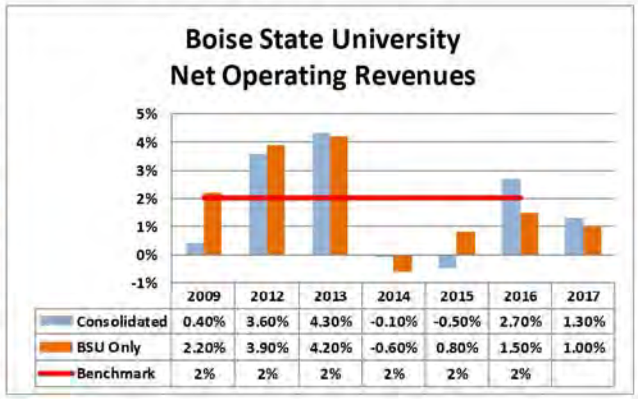
BOARD ACTION

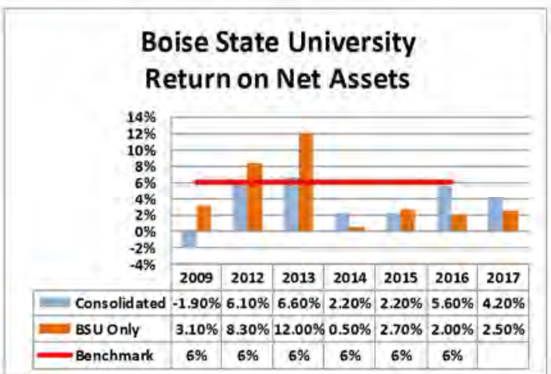
This item is for informational purposes only. Any action will be at the Board's discretion.

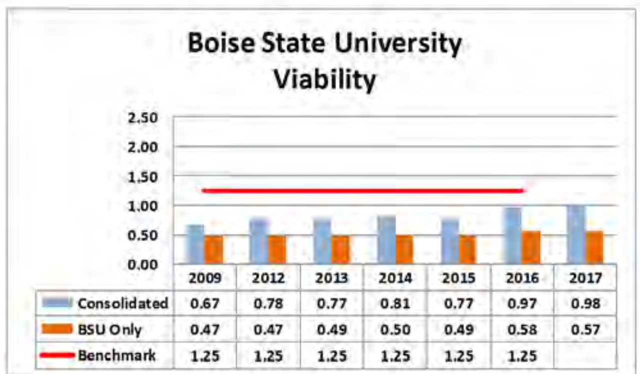
Boise State University

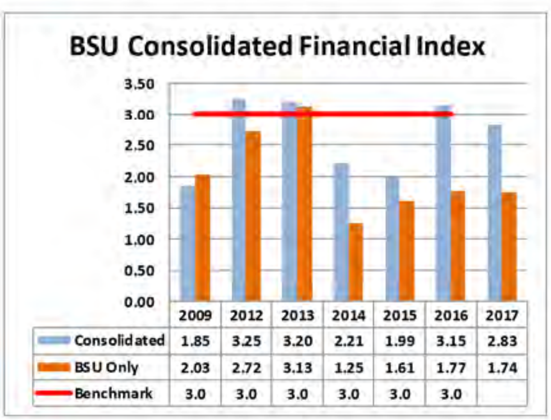
	2009	2012	2013	2014	2015	2016	2017	Benchmark
Primary Reserve	0.54	0.56	0.49	0.51	0.45	0.53	0.54	0.40
	0.39	0.36	0.35	0.33	0.31	0.33	0.33	0.40
Net Operating Revenues	0.40%	3.60%	4.30%	-0.10%	-0.50%	2.70%	1.30%	2.00%
	2.20%	3.90%	4.20%	-0.60%	0.80%	1.50%	1.00%	2.00%
Return on Net Assets	-1.90%	6.10%	6.60%	2.20%	2.20%	5.60%	4.20%	6.00%
	3.10%	8.30%	12.00%	0.50%	2.70%	2.00%	2.50%	6.00%
Viability	0.67	0.78	0.77	0.81	0.77	0.97	0.98	1.25
	0.47	0.47	0.49	0.50	0.49	0.58	0.57	1.25
CFI	1.85	3.25	3.20	2.21	1.99	3.15	2.83	3.00
	2.03	2.72	3.13	1.25	1.61	1.77	1.74	3.00

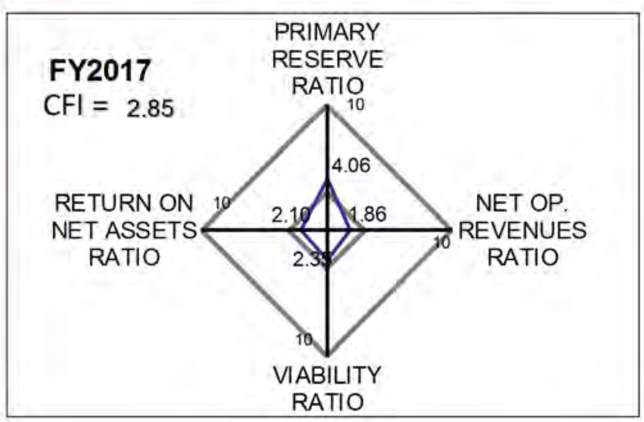






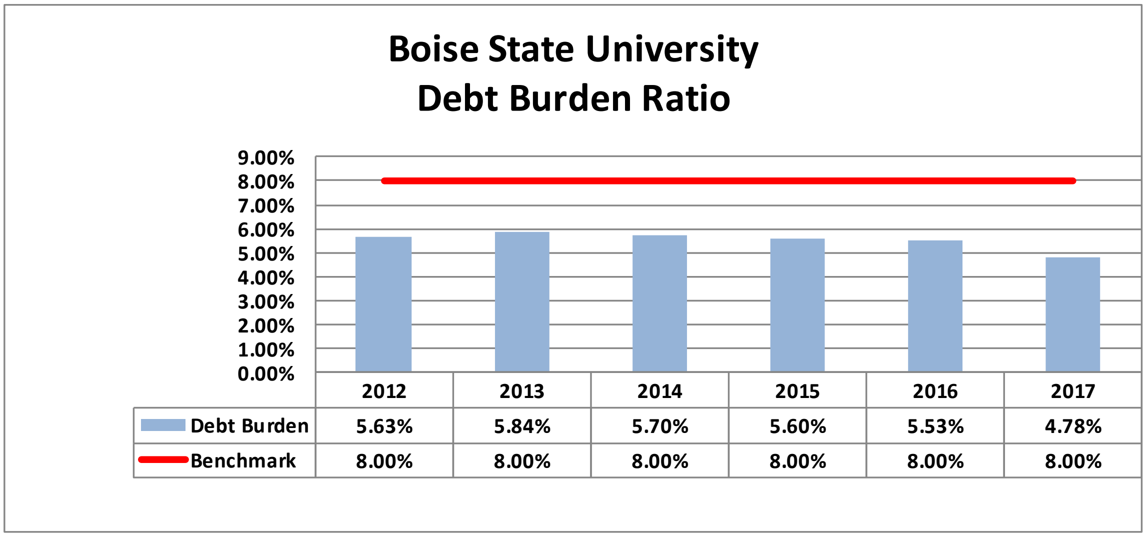


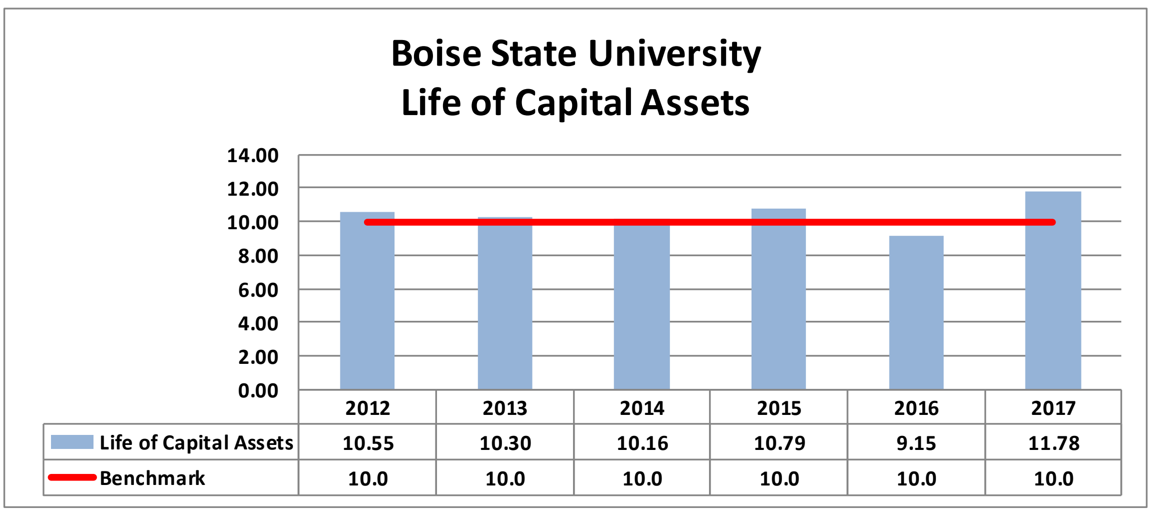




Boise State University

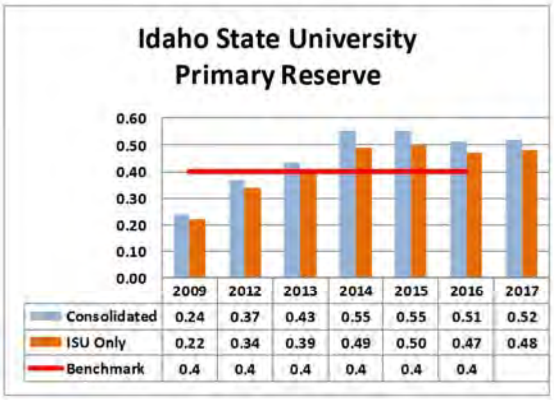
	2012	2013	2014	2015	2016	2017	Benchmark
Debt Burden	5.63%	5.84%	5.70%	5.60%	5.53%	4.78%	8.00%
Life of Capital Assets	10.55	10.30	10.16	10.79	9.15	11.78	10.00

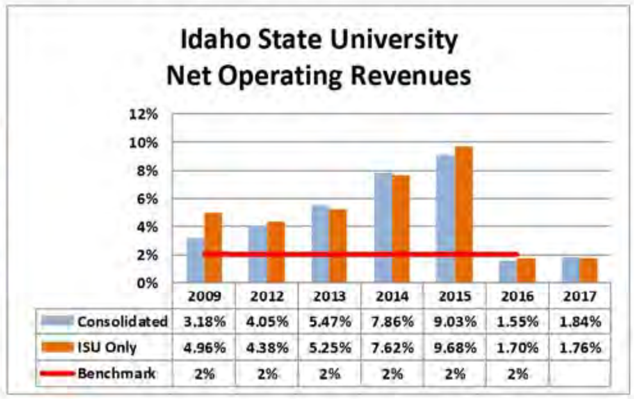


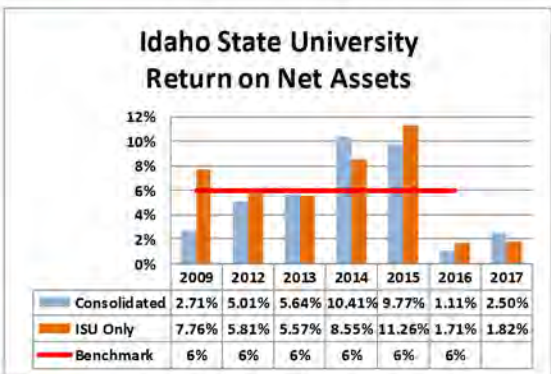


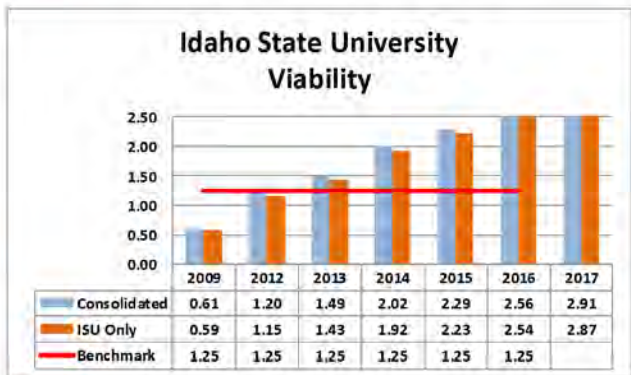
Idaho State University

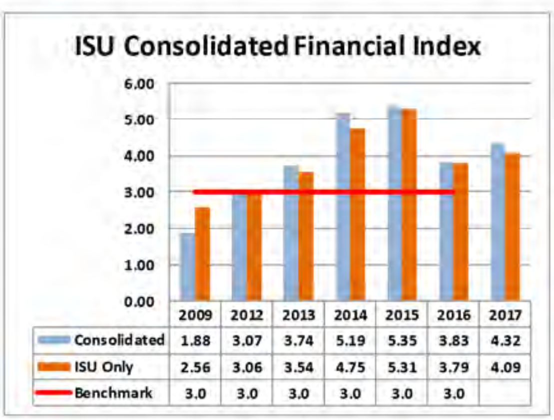
	2009	2012	2013	2014	2015	2016	2017	Benchmark
Primary Reserve	0.24	0.37	0.43	0.55	0.55	0.51	0.52	0.40
	0.22	0.34	0.39	0.49	0.50	0.47	0.48	0.40
Net Operating Revenues	3.18%	4.05%	5.47%	7.86%	9.03%	1.55%	1.84%	2.00%
	4.96%	4.38%	5.25%	7.62%	9.68%	1.70%	1.76%	2.00%
Return on Net Assets	2.71%	5.01%	5.64%	10.41%	9.77%	1.11%	2.50%	6.00%
	7.76%	5.81%	5.57%	8.55%	11.26%	1.71%	1.82%	6.00%
Viability	0.61	1.20	1.49	2.02	2.29	2.56	2.91	1.25
	0.59	1.15	1.43	1.92	2.23	2.54	2.87	1.25
CFI	1.88	3.07	3.74	5.19	5.35	3.83	4.32	3.00
	2.56	3.06	3.54	4.75	5.31	3.79	4.09	3.00

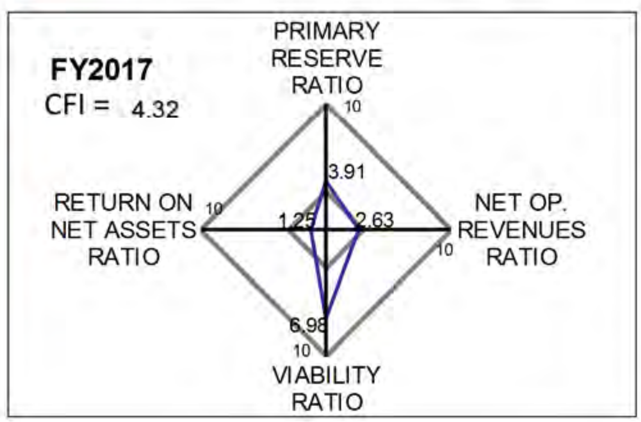






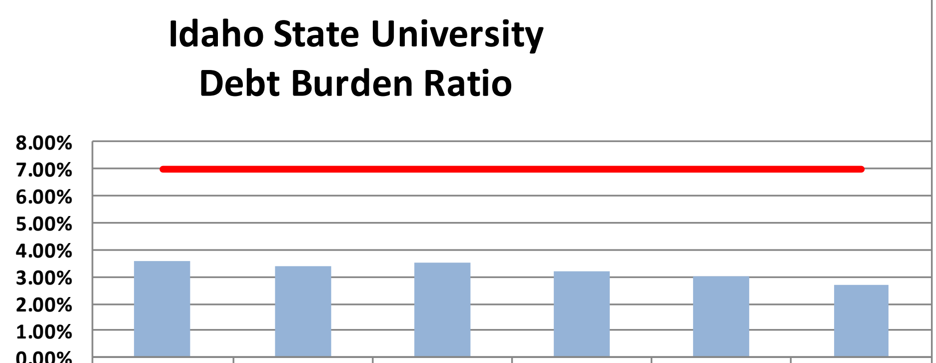




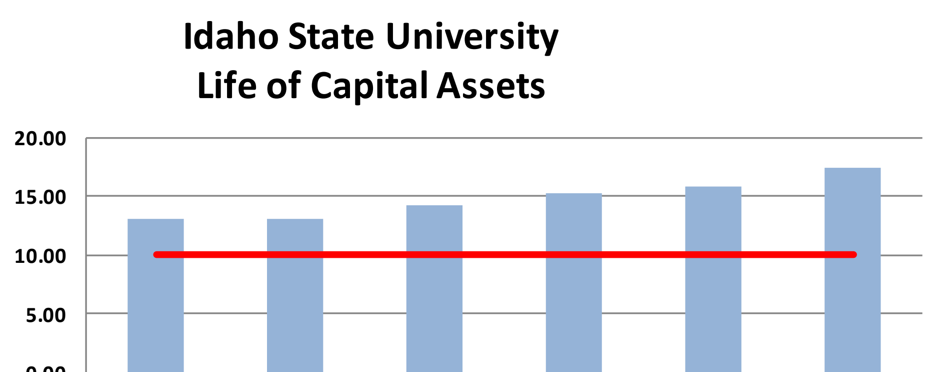


Idaho State University

	2012	2013	2014	2015	2016	2017	Benchmark
Debt Burden	3.60%	3.40%	3.50%	3.20%	3.00%	2.70%	7.00%
Life of Capital Assets	13.00	13.10	14.20	15.20	15.80	17.40	10.00



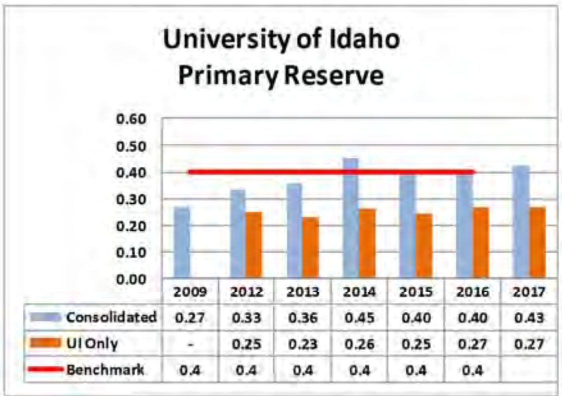
	2012	2013	2014	2015	2016	2017
Debt Burden	3.60%	3.40%	3.50%	3.20%	3.00%	2.70%
Benchmark	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%

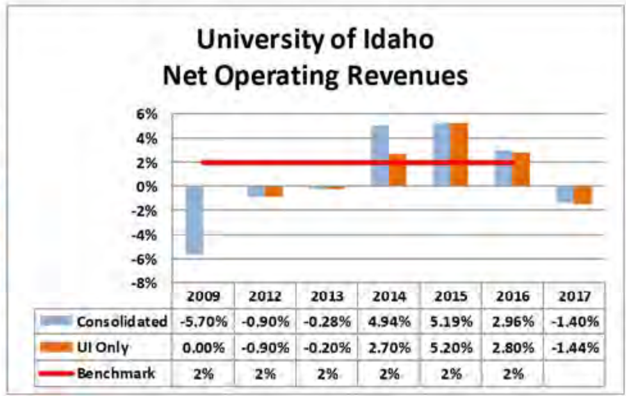


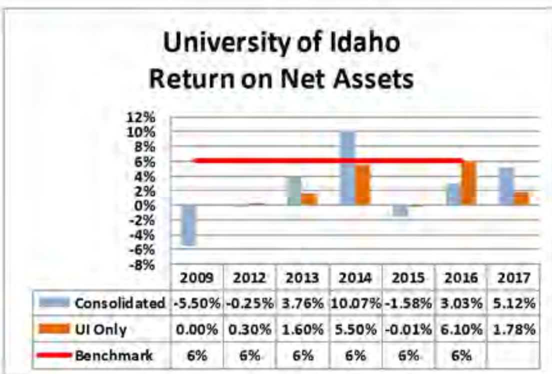
	2012	2013	2014	2015	2016	2017
Life of Capital Assets	13.00	13.10	14.20	15.20	15.80	17.40
Benchmark	10.0	10.0	10.0	10.0	10.0	10.0

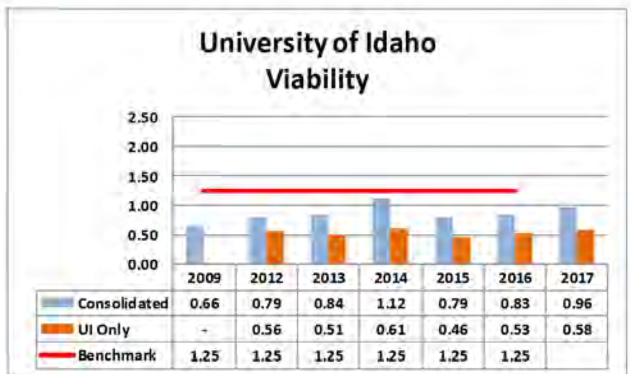
University of Idaho

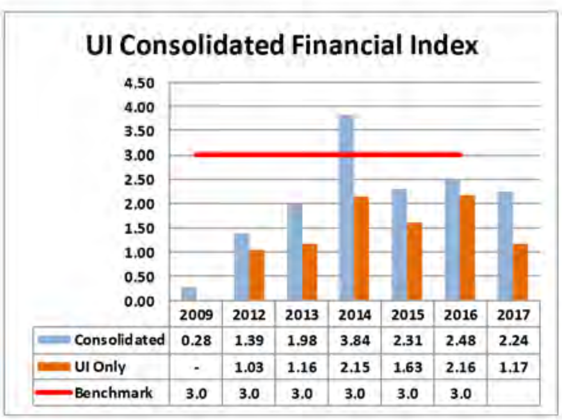
	2009	2012	2013	2014	2015	2016	2017	Benchmark
Primary Reserve	0.27	0.33	0.36	0.45	0.40	0.40	0.43	0.40
	-	0.25	0.23	0.26	0.25	0.27	0.27	0.40
Net Operating Revenues	-5.70%	-0.90%	-0.28%	4.94%	5.19%	2.96%	-1.40%	2.00%
	0.00%	-0.90%	-0.20%	2.70%	5.20%	2.80%	-1.44%	2.00%
Return on Net Assets	-5.50%	-0.25%	3.76%	10.07%	-1.58%	3.03%	5.12%	6.00%
	0.00%	0.30%	1.60%	5.50%	-0.01%	6.10%	1.78%	6.00%
Viability	0.66	0.79	0.84	1.12	0.79	0.83	0.96	1.25
	-	0.56	0.51	0.61	0.46	0.53	0.58	1.25
CFI	0.28	1.39	1.98	3.84	2.31	2.48	2.24	3.00
	-	1.03	1.16	2.15	1.63	2.16	1.17	3.00

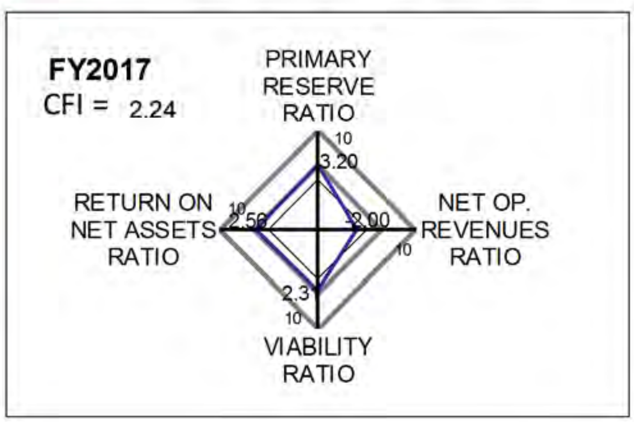






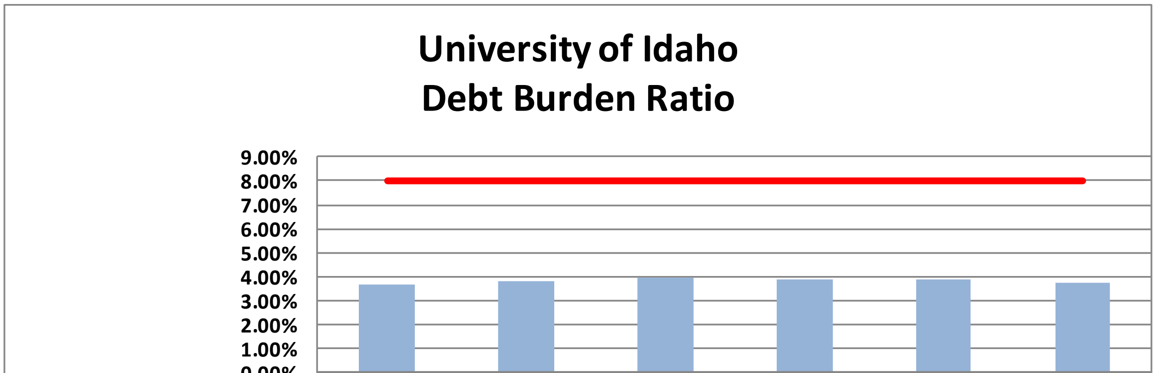




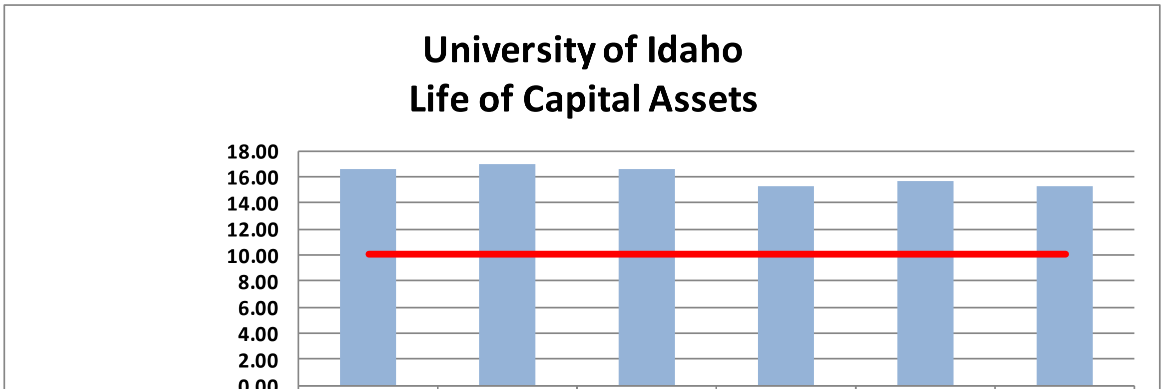


University of Idaho

	2012	2013	2014	2015	2016	2017	Benchmark
Debt Burden	3.65%	3.80%	3.96%	3.87%	3.88%	3.71%	8.00%
Life of Capital Assets	16.60	16.90	16.60	15.30	15.70	15.30	10.00



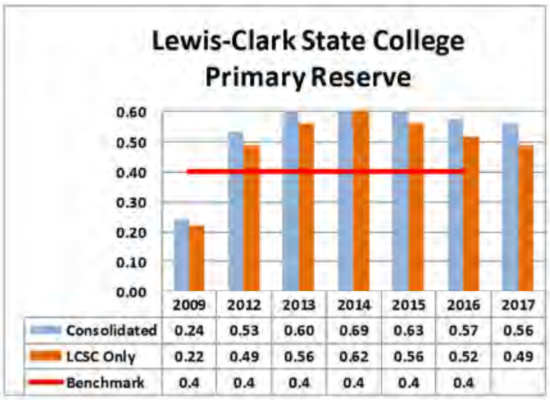
	2012	2013	2014	2015	2016	2017
Debt Burden	3.65%	3.80%	3.96%	3.87%	3.88%	3.71%
Benchmark	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

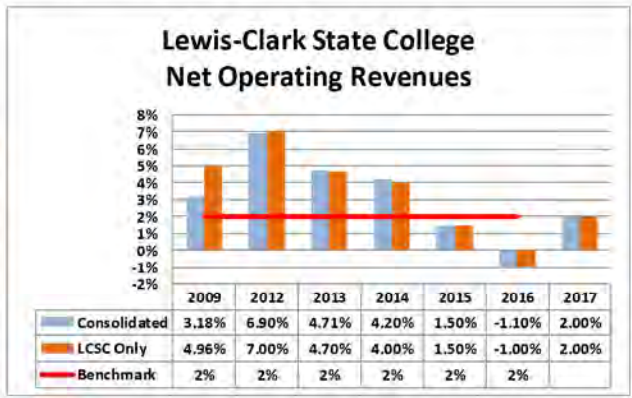


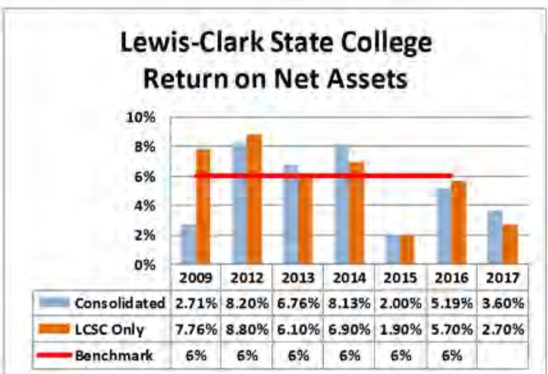
	2012	2013	2014	2015	2016	2017
Life of Capital Assets	16.60	16.90	16.60	15.30	15.70	15.30
Benchmark	10.0	10.0	10.0	10.0	10.0	10.0

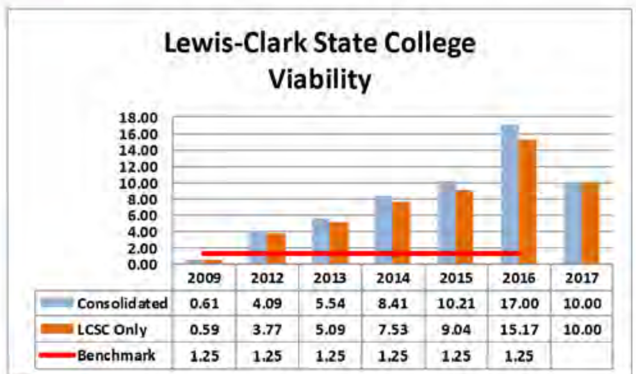
Lewis-Clark State College

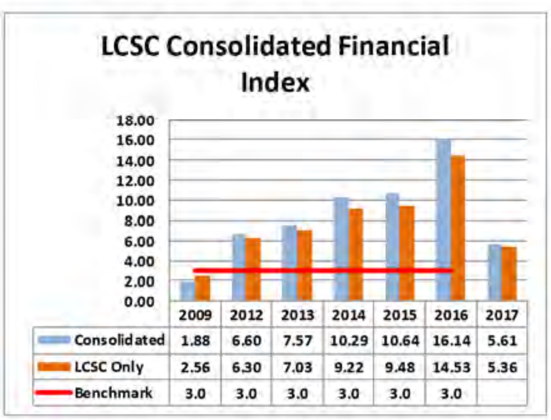
	2009	2012	2013	2014	2015	2016	2017	Benchmark
Primary Reserve	0.24	0.53	0.60	0.69	0.63	0.57	0.56	0.40
	0.22	0.49	0.56	0.62	0.56	0.52	0.49	0.40
Net Operating Revenues	3.18%	6.90%	4.71%	4.20%	1.50%	-1.10%	2.00%	2.00%
	4.96%	7.00%	4.70%	4.00%	1.50%	-1.00%	2.00%	2.00%
Return on Net Assets	2.71%	8.20%	6.76%	8.13%	2.00%	5.19%	3.60%	6.00%
	7.76%	8.80%	6.10%	6.90%	1.90%	5.70%	2.70%	6.00%
Viability	0.61	4.09	5.54	8.41	10.21	17.00	10.00	1.25
	0.59	3.77	5.09	7.53	9.04	15.17	10.00	1.25
CFI	1.88	6.60	7.57	10.29	10.64	16.14	5.61	3.00
	2.56	6.30	7.03	9.22	9.48	14.53	5.36	3.00

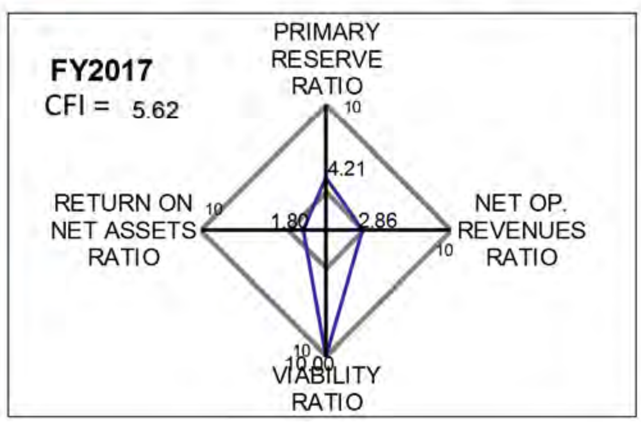






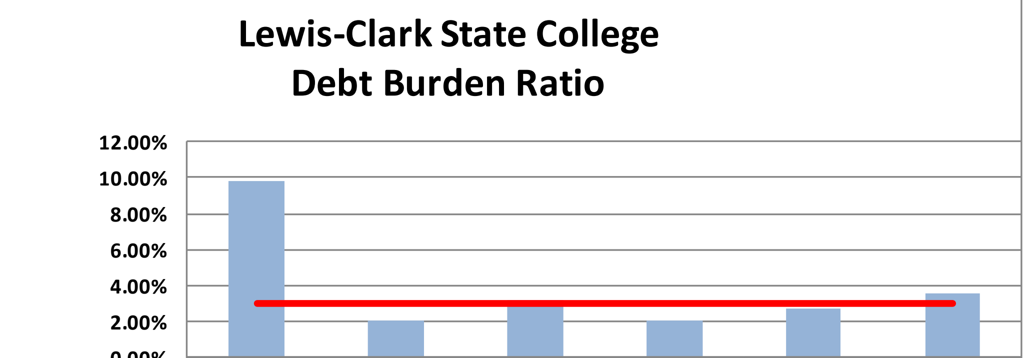




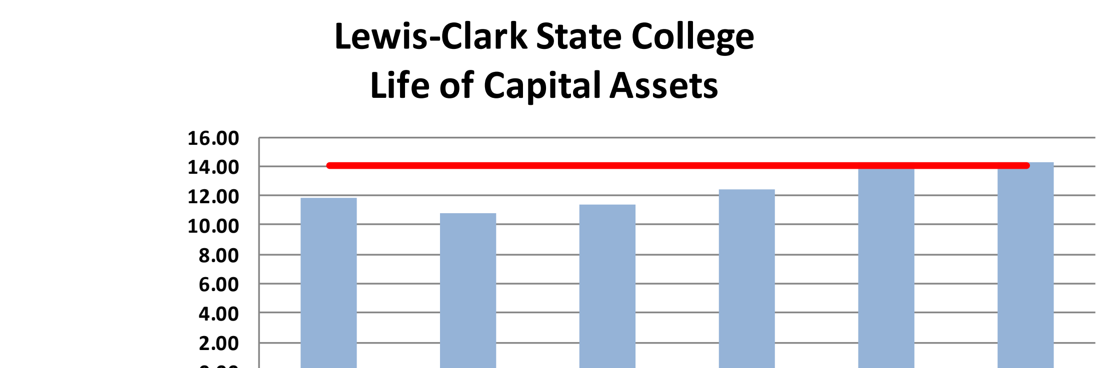


Lewis-Clark State College

	2012	2013	2014	2015	2016	2017	Benchmark
Debt Burden	9.80%	2.06%	3.22%	2.10%	2.75%	3.54%	3.00%
Life of Capital Assets	11.87	10.75	11.35	12.46	14.22	14.31	10.00



	2012	2013	2014	2015	2016	2017
Debt Burden	9.80%	2.06%	3.22%	2.10%	2.75%	3.54%
Benchmark	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%



	2012	2013	2014	2015	2016	2017
Life of Capital Assets	11.87	10.75	11.35	12.46	14.22	14.31
Benchmark	14.0	14.0	14.0	14.0	14.0	14.0

SUBJECT

FY 2017 College and Universities' Unrestricted Net Position Balances

REFERENCE

December 2012-2017	Annual Audit reports submitted to the Board

BACKGROUND/DISCUSSION

Net position balances provide a tool to gauge the amount and types of assets held by an institution. An analysis of unrestricted expendable assets provides insights into some of the "reserves" which might be available in order for an institution to meet emergency needs. The net position balances as of June 30, 2017 for Boise State University, Idaho State University, the University of Idaho, and Lewis-Clark State College are attached. The net position reports for the four institutions are broken out by the following categories:

Invested in capital assets, net of related debt: This represents an institution's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included.

Restricted, expendable: This represents resources which an institution is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted, nonexpendable: This represents endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted: This represents resources derived from student tuition and fees, and sales and services of educational departments and auxiliary enterprises. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff. Not all sources of revenue noted above are necessarily present in the unrestricted position.

Within the category of **Unrestricted Position**, the institutions reserve funds for the following:

Obligated: Contractual obligations represent a variety of agreements which support initiatives or operations that have moved beyond management planning into execution. Obligations include contracts for goods and services, including construction projects. Obligations contain debt service commitments for outstanding debt and staffing commitments for personnel. These amounts also consist of inventories and other balances for which contractual commitments exist.

Designated: Designated net position represents balances not yet legally contracted but have been dedicated to initiatives that have been deemed to be strategic or mission critical. Balances include capital or maintenance projects that are in active planning phases. Facility and administrative cost recovery returns from sponsored projects (grants and contracts) are reinvested in infrastructure or on efforts to obtain additional grant funding. Documented central commitments to initiatives that have been approved at an executive level are designated.

Note: Designated reserves are not yet legally contracted, so technically they are still subject to management decision or reprioritization. However, it's critical to understand that these net position balances are a snapshot in time as of June 30, 2017, so reserves shown as "designated" on this report could be "obligated" at any point in the current fiscal year.

Unrestricted Funds Available: Balance represents reserves available to bridge uneven cash flows as well as future potential funding shortfalls such as:

- Budget reductions or holdbacks
- Enrollment fluctuations
- Unfunded enrollment workload adjustment (EWA)
- Unfunded occupancy costs
- Critical infrastructure failures

IMPACT

The volatility of state funding as well as fluctuations in enrollment and tuition revenue necessitates that institutions maintain fund balances sufficient to stabilize their operating budgets. As such, the Board has set a minimum target reserve of 5%, as measured by "Unrestricted Available" funds divided by annual operating expenses. This benchmark was originally included in the Board's strategic plan but removed when the plan was recently streamlined. Staff has proposed (in a separate agenda item) an amendment to Board Policy V.B. to incorporate the 5% target in policy. The institutions' unrestricted funds available as a percent of operating expenses over the past five fiscal years are as follows:

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
BSU:	5.0%	6.1%	5.1%	5.3%	5.5%
ISU:	12.6%	16.2%	15.6%	11.8%	7.8%
UI:	2.7%	4.2%	5.1%	5.4%	5.0%
LCSC:	5.1%	6.5%	6.3%	6.0%	5.2%

ATTACHMENTS

STAFF COMMENTS AND RECOMMENDATIONS

All four of the affected institutions met the Board's 5% reserve target in FY2017. Representatives from the institutions are ready to provide a brief analysis of their financial net position balances and year-to-year trends.

BOARD ACTION

This item is for informational purposes only. Any action will be at the Board's discretion.

Idaho College and Universities - BOISE STATE UNIVERSITY

Net Position Balances

As of June 30, 2017

	Net Position:			**6/30/2017**
1	Invested in capital assets, net of related debt			269,287,743
2	Restricted, expendable			13,617,685
3	Restricted, nonexpendable			-
4	Unrestricted			114,456,751
5	**Total Net Position**			**397,362,179**
6	**Unrestricted Net Position:**			114,456,751
	Obligated (Note A)			
7		Debt Reserves		19,433,298
		Capital Projects		
7			Facilities	11,782,534
8			Equipment	3,064,239
		Program Commitments		
9			Academic	5,762,879
10			Research	457,693
11			Other	2,920,009
12		Administrative Initiatives		2,888,082
13		Total Obligated		46,308,734
	Designated (Note B)			
		Capital Projects		
14			Facilities	21,701,878
15			FFE	2,958,600
16		Program Commitments		
17			Academic	9,438,056
18			Research	4,988,643
19			Other	1,428,488
20		Administrative Initiatives		6,361,185
21		Other		483,300
22		Total Designated		47,360,150
23	**Unrestricted Funds Available (Note C)**			**20,787,867**
24	FY16 Operating Expenses			377,968,103
25	Ratio of Unrestricted Funds Available to operating expenses			5.50%
26	5% of operating expenses (minimum reserve target)			18,898,405
27	Two months of operating expenses			62,994,684
28	Ratio of Unrestricted Funds Available to two months of operating expenses			33%
29	Number of days expenses covered by Unrestricted Funds Available			20

Note A: **Obligated** - Contractual obligations represent a variety of agreements which support initiatives or operations that have moved beyond management planning into execution. Obligations include contracts for goods and services, including construction projects. Obligations contain debt service and staffing commitments for outstanding debt and personnel. These amounts also consist of inventories and other balances for which a contractual commitments exist.

Note B: **Designated** - Designated net assets represent balances that are not yet legally contracted, but have been dedicated to initiatives that have been deemed to be strategic or mission critical. Balances include capital or maintenance projects that are in active planning phases. Facility and administrative returns from sponsored projects (grants and contracts) are reinvested in infrastructure or on efforts to obtain additional grant funding. Documented central commitments to initiatives that have been approved at an executive level are designated.

Note C: **Unrestricted Funds Available** - Balance represents reserves available to bridge uneven cash flows as well as future potential reduced funding.

Idaho State University
Net Asset Balances
As of June 30, 2017

Information Taken from Workpapers Relating to Audited Financial Statements

1	**Net Assets:**	**FY17**
2	Invested in capital assets, net of related debt	$131,220,667
3	Restricted, expendable	$4,380,824
4	Restricted, nonexpendable	
5	Unrestricted	$114,090,114
6	Total Net Assets	$249,691,605
7		
8	**Unrestricted Net Assets:**	**114,090,114**
9	Obligated (Note A)	
10	Debt Reserves	11,539,778
11	Capital Projects	
12	Facilities	11,336,332
13	Equipment	7,295,286
14	Program Commitments	
15	Academic	11,365,684
16	Research	-
17	Other	
18	Administrative Initiatives	561,650
19	Other	788,548
20		-
21	Total Obligated	42,887,278
22		
23	Designated (Note B)	
24	Capital Projects	
25	Facilities	26,284,005
26	Equipment	
27	Program Commitments	
28	Academic	14,550,556
29	Research	2,177,852
30	Other	5,383,090
31	Administrative Initiatives	1,231,937
32	Other	847,318
33	FY18 Budget Deficit	1,334,329
34	Total Designated	51,809,086
35		
36	**Unrestricted Available (Note C)**	**19,393,750**
37		
38	Operating expenses	247,447,738
39	Ratio of Unrestricted Funds Available to operating expenses	7.8%
40	5% of operating expenses (minimum available reserve target)	12,372,387
41		
42	Two months operating expenses	41,241,290
43	Ratio of Unrestricted Funds Available to two months of operating expenses	47%
44	Ratio of Designated and Unrestricted Funds Available to operating expenses	29%
45	Ratio of Obligated, Designated and Unrestricted Funds Available to operating expenses	46%
46	Number of days expenses covered by Unrestricted Funds Available	28.61

Note A: Obligated - Contractual obligations represent a variety of agreements which support initiatives or operations that have moved beyond management plannning into execution. Obligations include contracts for goods and services, including construction projects. Obligations contain debt service commitments for outstanding debt and staffing commitments for personnel. These amounts also consist of inventories and other balances for which a contractual commitments exist.

Note B: Designated - Designated net assets represent balances that are not yet legally contracted, but have been dedicated to initiatives that have been deemed to be strategic or mission critical. Balances include capital or maintenance projects that are in active planning phases. Facility and adminstrative returns from sponsored projects (grants and contracts) are reinvested in infrastructure or on efforts to obtain additional grant funding. Documented central commitments to initiatives that have been approved at an executive level are designated.

Note C: Unrestricted Funds Available - Balance represents reserves available to bridge uneven cash flows as well as future potential reduced funding. Current examples of potential future reductions are: enrollment fluctuations, budget reductions or holdbacks.

Idaho College and Universities
Net Position Balances
As of June 30, 2017
Information Taken from Workpapers Relating to Audited Financial Statements

				University of Idaho
1	Net Position:			
2	Invested in capital assets, net of related debt			$ 258,252,892
3	Restricted, expendable			39,604,882
4	Unrestricted			70,144,622
5	Total Net Position			$ 368,002,396
6	Unrestricted Net Position:			$ 70,144,622
7	Obligated (Note A)			
	- Debt Service Obligations		$ 13,939,602	
	- Capital Project and Equipment Fund Obligations		7,192,556	
	Total Obligated Funds			$ 21,132,158
8	Designated (Note B)			
	Academic Funds:			
	- Dedicated Course Fees	$ 1,086,984		
	- Research Funds	2,212,053		
	- Faculty Start-up Funds	1,047,266		
	- Support Funds	3,503,454		
	Total Academic Funds		$ 7,849,757	
	Agricultural Extension Funds:			
	- Agricultural Extension Education Funds	$ 398,852		
	- Agricultural Extension Research Funds	943,209		
	- Agricultural Extension Support Funds	814,163		
	Total Agricultural Extension Funds		2,156,224	
	Student Funds:			
	- Student Services Funds	$ 802,323		
	- Student Scholarship Funds	290,442		
	Total Student Funds		1,092,764	
	Faculty Start-up & Research Support Funds (from F&A)		6,015,356	
	Anticipated University Capital Projects:			
	1) Pullman-Moscow Airport project ($250,000/yr - 2 yr project)	$ 200,000		
	2) Renfrew large classrooms project ($400,000/yr - 2 yr project)	400,000		
	3) West campus project (initial planning and design)	350,000		
	4) Northern Idaho building project (increased from $666,667 to $1,000,000)	333,333		
	5) WWAMI project	1,500,000		
	Total Anticipated University Capital Projects		2,783,333	
	Service Centers		3,559,898	
	Benefits & Self-Insured Health Plan		3,038,118	
	Auxiliary Services Funds		1,797,594	
	Facility/Departmental Repair and Replacement Funds		676,259	
	Total Designated Funds			$ 28,969,303
9	Unrestricted Available (Note C)			$ 20,043,161
10	Operating expenses			$398,016,824
11	Ratio of Unrestricted Funds Available to operating expenses			5.0%
12	5% of operating expenses (minimum available reserve target)			$19,900,841
13	Two months operating expenses			$66,336,137
14	Ratio of Unrestricted Funds Available to two months of operating expenses			30%
15	Number of days expenses covered by Unrestricted Funds Available			18

University of Idaho
A LEGACY OF LEADING

Idaho College and Universities
Net Position Balances
As of June 30, 2017
Information Taken from Workpapers Relating to Audited Financial Statements

NOTES

Note A: Obligated - Contractual obligations represent a variety of agreements which support initiatives or operations that have moved beyond management planning into execution. Obligations include contracts for goods and services, including construction projects. Obligations contain debt service commitments for outstanding debt and staffing commitments for personnel. These amounts also consist of inventories and other balances for which contractual commitments exist.

Note B: Designated - Designated net assets represent balances that are not yet legally contracted, but have been dedicated to initiatives that have been deemed to be strategic or mission critical. Balances include capital or maintenance projects that are in active planning phases. Facility and adminstrative returns from sponsored projects (grants and contracts) are reinvested in infrastructure or on efforts to obtain additional grant funding. Documented central commitments to initiatives that have been approved at an executive level are designated.

Note C: Unrestricted Funds Available - Balance represents reserves available to bridge uneven cash flows as well as future potential reduced funding. Current examples of potential future reductions are:

Budget reductions or holdbacks
Enrollment fluctuations
Unfunded Enrollment Workload Adjustment (EWA)

Lewis-Clark State College
Net Position Balances
As of June 30, 2017

1	**Net Position:**	**LCSC**
2	Invested in capital assets, net of related debt	$51,510,374
3	Restricted, expendable	980,320
4	Restricted, nonexpendable	0
5	Unrestricted	24,574,809
6	**Total Net Position**	$77,065,503
7		
8	**Unrestricted Net Position:**	**$24,574,809**
9	Obligated (Note A)	
10	Debt Service	$0
11	Program Commitments	634,780
12	Capital Projects	14,548,879
13	Total Obligated	$15,183,659
14		
15	Designated (Note B)	
16	Capital Projects	
17	Facilities	$93,000
18	Equipment	0
19	Program Commitments	
20	Academic	2,422,545
21	Other	3,251,763
22	Other	960,672
23	Total Designated	$6,727,980
24		
25	**Unrestricted Available (Note C)**	**$2,663,170**
26		
27	Operating expenses	$51,673,136
28	Ratio of Unrestricted Funds Available to operating expenses	5.2%
29	Ratio of Designated and Unrestricted Funds Available to operating expenses	18.2%
30	Ratio of Obligated, Designated and Unrestricted Funds Available to operating expenses	47.6%
31	5% of operating expenses (minimum available reserve target)	$2,583,657
32		
33	Two months operating expenses	$8,612,189
34	Ratio of Unrestricted Funds Available to two months of operating expenses	31%
35	Number of days expenses covered by Unrestricted Funds Available	19

Note A: **Obligated** - Contractual obligations represent a variety of agreements which support initiatives or operations that have moved beyond management planning into execution. Obligations include contracts for goods and services, including construction projects. Obligations contain debt service commitments for outstanding debt and staffing commitments for personnel. These amounts also consist of inventories and other balances for which a contractual commitment exists.

Note B: **Designated** - Designated net assets represent balances that are not yet legally contracted, but have been dedicated to initiatives that have been deemed to be strategic or mission critical. Balances include capital or maintenance projects that are in active planning phases. Facility and administrative returns from sponsored projects (grants and contracts) are reinvested in infrastructure or on efforts to obtain additional grant funding. Documented central commitments to initiatives that have been approved at an executive level are designated.

Note C: **Unrestricted Funds Available** - Balance represent reserves available to bridge uneven cash flows as well as future potential reduced funding. Current examples of potential future reductions are:

Enrollment fluctuations
Budget reductions or holdbacks

LEWIS-CLARK STATE COLLEGE

SUBJECT

Revised operating agreement with Lewis-Clark State College (LCSC) Foundation

REFERENCE

October 2009	Board approved LCSC operating agreement with LCSC Foundation
August 2012	Board approved revised operating agreement
February 2015	Board approved revised operating agreement

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education (Board) Governing Policies & Procedures, Section V.E.

BACKGROUND/DISCUSSION

State Board policy stipulates that *"each institution shall enter into a written operating agreement with each recognized foundation that is affiliated with the institution."* The proposed revision to the LCSC operating agreement updates the agreement approved by the Board in 2015 to address the following points:

1) Extends the term of the agreement from March 2018 to March 2021.
2) Revises Exhibit F to further clarify the intention of Board Policy V.E. by adding the statement, "*No board member shall accept from any source any material gift or gratuity in excess of fifty dollars ($50.00) that is offered, or reasonably appears to be offered, because of the position held within the Foundation; nor should an offer of a prohibited gift or gratuity be extended by such an individual on a similar basis*" at the conclusion of paragraph three.

IMPACT

The proposed revisions will update the agreement to reflect a three-year extension to March of 2021 and will provide clarity within the conflict of interest form to align more clearly with Board Policy V.E.

ATTACHMENTS

STAFF COMMENTS AND RECOMMENDATIONS

The revised language in Exhibit F follows the wording included in Board Policy V.E.2.c.v. on Conflict of Interest and Code of Ethics and Conduct. The Audit Committee reviewed the proposed revision to the LCSC-LCSC Foundation Operating Agreement at its meeting on November 8, 2017 and has forwarded it to the Board for approval. Approval of the proposed revised agreement will also restart the three-year cycle for future Board review and approval, if no other substantive revisions are needed prior to March 2021.

Staff recommends approval.

BOARD ACTION

I move to approve the revisions to the Operating Agreement between Lewis-Clark State College and the Lewis-Clark State College Foundation, Inc., as presented in Attachment 1.

Moved by ___________ Seconded by__________ Carried Yes _____ No _____

FOUNDATION OPERATING AGREEMENT

THIS OPERATING AGREEMENT, made and entered into this ______ day of ________________ 2018, by and between LEWIS-CLARK STATE COLLEGE, hereinafter referred to as “College”, and LEWIS-CLARK STATE COLLEGE FOUNDATION, INC., hereinafter referred to as “Foundation”,

WHEREAS, the Foundation is a non-profit corporation incorporated on April 4, 1984 pursuant to the Idaho Nonprofit Corporation Act for the purpose of supporting Lewis-Clark State College, its students, staff, faculty and programs;

WHEREAS, the Foundation has been recognized as a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code;

WHEREAS, the parties hereby acknowledge that they will at all times conform to, and abide by, the Idaho State Board of Education’s (“State Board”) Governing Policy and Procedures, Gifts and Affiliated Foundations policy, Section V.E.; and

WHEREAS, the parties enter into this Agreement to establish the operating agreement between the parties, all as is required under Section V.E.2.c, of the State Board ’s Policies and Procedures.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties agree as follows:

ARTICLE I
Foundation's Purposes

The Foundation is the primary affiliated foundation responsible for securing, managing and distributing private support for the College. Accordingly, to the extent consistent with the Foundation's Articles of Incorporation and Bylaws, and the State Board's Policies and Procedures, the Foundation shall:

1. solicit, receive and accept gifts, devises, bequests and other direct or indirect contributions of money and other property made for the benefit of the College from the general public (including individuals, corporations, other entities and other sources);
2. manage and invest the money and property it receives for the benefit of the College; and
3. support and assist the College in fundraising and donor relations. In carrying out its purposes the Foundation shall not engage in activities that conflict with:
    - **a.** federal or state laws, rules and regulations (including, but not limited to all applicable provisions of the Internal Revenue Code and corresponding Federal Treasury Regulations);
    - **b.** applicable polices of the State Board; or
    - **c.** the role and mission of the College.

ARTICLE II
Foundation's Organizational Documents

The Foundation shall provide copies of its current Articles of Incorporation and Bylaws to the College. All amendments of such documents shall also be provided to the College and State Board. Furthermore, the Foundation shall, to the extent practicable, provide the College with an advance copy of any proposed amendments to the Foundation's Articles of Incorporation and Bylaws.

Article III
Institutional Resources and Services

1. **Staff.** The Director of College Advancement, an employee of the College, shall serve as Executive Director of the Foundation and shall supervise the College Advancement Staff who are likewise employees of the College and who will provide administrative services to the Foundation. The College is responsible for the employment and compensation of College Advancement Staff providing services to the Foundation, including the Director of College Advancement in his or her capacity as Executive Director of the Foundation. Subject to approval by the President of the College, the Foundation may appoint an employee of the College to serve as Treasurer. The Treasurer shall provide and/or supervise the provision of financial and accounting services for the Foundation. While providing services to the Foundation, College employees are subject to the oversight and direction of the Board of Directors of the Foundation. Executive officers of the College (President and Vice Presidents) shall not serve as Foundation Board officers or staff members.

2. **Other Services.** The College shall provide the following additional services to the Foundation:
   - **a.** Access to the College's financial system to receive, disburse and account for funds of the Foundation. Except for funds transferred into Foundation's brokerage accounts, all funds received by the Foundation shall be deposited with the College and credited to one or more agency accounts established in the name of the Foundation within the College's financial system. In using the College's financial services, the Foundation shall comply with the College's financial and administrative policies and procedures.
   - **b.** Accounting services, to include cash receipts and disbursements, accounts receivable and payable, bank reconciliation, reporting and analysis, and internal auditing.
   - **c.** Investment, insurance, and similar services.
   - **d.** Development services, including research, information systems, donor records, communications and special events.

3. **Facilities, Furnishings and Office Equipment.** The business office of the Foundation shall be located in the College Advancement Office at 500 8th Avenue, Lewiston, Idaho. The College will provide office space to the Foundation including providing all maintenance and utilities, and local and long-distance telephone service for use in the business of the Foundation. The furnishings, computers, copiers and other items of office equipment used in the Foundation's office are owned by the

College but shall be made available for use in the business of the Foundation. The cost of repairing, maintaining and replacing such furnishings and equipment shall be paid by the College.

4. **Reimbursement.** Except as otherwise provided in this Agreement, the Foundation shall have no obligation to reimburse the College for costs incurred by the College for personnel, use of facilities or equipment or for other services provided to the Foundation by the College. No payments shall be made directly from the Foundation to College employees in connection with resources or services provided to the Foundation under this Agreement.

Article IV
Management and Operation of Foundation

1. **Gift Solicitation.**
    a. **Form of Solicitation.** Any and all Foundation gift solicitations shall make clear to prospective donors that (1) the Foundation is a separate legal and tax entity organized for the purpose of encouraging voluntary, private gifts, trusts, and bequests for the benefit of the College; and (2) responsibility for the governance of the Foundation, including the investment of gifts and endowments, resides with the Foundation's Board of Directors.
    b. **The Foundation is Primary Donee.** Absent unique circumstances, donors shall be requested to make gifts directly to the Foundation rather than to the College.
    c. **Real Property.** No gifts, grants or transfers of real or personal property will be accepted by the Foundation which do not comply with state law, State Board and College policy.
    d. The Foundation shall not accept gifts or grants containing a condition committing the College financially or contractually without prior written approval of the College President or VP for Finance and Administration.

2. **Receiving, Depositing, Disbursing and Accounting for Funds.**
    a. **General.** College Advancement staff on behalf of the Foundation shall receive, accept and administer gifts in accordance with the Foundation's Gift Acceptance Policy and Policy for Accounting of Gift Revenue, copies of which are attached hereto as Exhibits A and B. The College's financial systems and administrative policies and procedures will be utilized in receiving, depositing, disbursing and accounting for funds of the Foundation.
    b. **Institutional Funds Transferred to the Foundation.** In compliance with the policies of the State Board, the College shall not transfer institutional funds, assets, or liabilities directly or indirectly to the Foundation without the prior approval of the State Board and the Foundation Board of Directors. Segregation of duties among College employees who provide accounting and reporting support to the Foundation will be maintained to prevent unauthorized access to or transfer of funds to or from the College and Foundation.

    c. **Funds Transferred to College.** Funds, including gifts designated by the donor to a specific College department or program, will not be transferred from the Foundation to the College except as approved by the Foundation Board of Directors. The College official responsible for that department or program will be notified of the transfer and the purpose of the gift by the College Advancement Staff. The College official into whose department or program Foundation funds have been transferred shall be responsible to account for those funds in accordance with College policies and procedures, to use those funds for their designated purposes, and shall notify the Foundation of the use of those funds on a timely basis. Once funds have been transferred to the College, the transferred funds shall be the property of the College.

3. **Signature Authority.** Foundation expenditures, transfer of funds and financial transactions must be authorized and approved by the Board of Directors or officers designated by the Board. Signature authority on behalf of the Board shall be exercised only by the Foundation President and Vice President. No College employee (including, but not limited to, the College President or Vice Presidents) shall have the authority to sign on any transaction on behalf of the Foundation.

4. **Investment Policies.** Gifts will be invested in accordance with the guidelines set out in the "Investment Policy Statement," a copy of which is attached hereto as Exhibit C. The responsibility for investment of gifted funds resides with the Foundation's Board of Directors who act upon the recommendations promulgated by the Foundation's Finance and Investment Committee. College employees may provide technical information and reports to the Committee but have no voting rights and are not part of the policy approval process.

5. **Insurance.** To the extent that the Foundation is not covered by the State of Idaho Risk Management insurance, the Foundation shall maintain insurance to cover the operations and activities of its Board of Directors and Officers, attached as Exhibit D.

6. **Separation of Foundation and College Funds.** Foundation and College funds will not be co-mingled. Foundation funds will be deposited in the College's financial system and credited to the appropriate agency account in the Foundation name. It shall be the responsibility of the Foundation Treasurer to reconcile the Foundation's agency accounts on a monthly basis. The Foundation Treasurer shall make a monthly written financial report to the Foundation Board in accordance with generally accepted accounting principles.

7. **Description of Organizational Structure of Foundation.**
   a. **Foundation Board of Directors.** The Foundation is a non-profit corporation organized under the laws of the State of Idaho. It is governed by a board of not more than thirty (30) directors. The directors are elected by the Foundation Board members. Foundation Directors serve staggered terms of up to three (3) years. The President, the Provost and Vice President for Academic Affairs, the Vice President for Finance and Administration, the Vice President for Student Affairs, the Treasurer (if a College employee has been designated to fill this position), the Faculty Senate Chair-Elect and the LCSC Alumni Association Board Representative are Designated Members of the

Foundation who are entitled to attend meetings of the Foundation Board of Directors but are not entitled to vote. Other College officials may serve as advisors to Foundation's Board and may be invited to attend meetings of the Foundation Board on a case-by-case basis.

b. **Board Committees.** The standing committees of the Foundation Board of Directors shall be the Executive Committee, the Scholarship Committee, and the Finance and Investment Committee. The composition, duties and authority of each of those committees is set out on Exhibit E.

c. **Executive Director.** The chief operating officer of the Foundation is its Executive Director who is employed by the College as Director of College Advancement. In the performance of his or her duties with the Foundation, the Executive Director shall report to and be subject to the direction of the Foundation Board of Directors. The Executive Committee of the Foundation Board may prepare and provide to the College President an annual written job performance evaluation of the Executive Director.

d. **Officers.** The Foundation President is elected by the Board of Directors. The Foundation Board of Directors also elects a Vice President , Secretary, and Treasurer. Subject to the mutual consent of the Foundation Board of Directors and the College President, an employee from the College staff may be appointed to serve as Treasurer. In the performance of his or her duties with the Foundation, the Treasurer shall report to and be subject to the direction of the Foundation Board of Directors.

Article V
Relationship between the Foundation and the College

1. **Access to Foundation Books and Records.**

   a. The financial records of the Foundation shall be available to the College, its officers and representatives in accordance with the policies and procedures of the College. Other financial records of the Foundation shall be made available to the College at reasonable times upon written request of the College President or his or her designee.

   b. Donor records containing information with respect to gifts to the Foundation are the property of the Foundation and shall be maintained and secured by the College. The Foundation and the College shall take the steps necessary to monitor and control access to donor records and to protect the security of the donor database. The College shall not access such information except in compliance with the Foundation's donor confidentiality policies. The College shall enforce policies that support the Foundation's ability to respect the privacy and preserve the confidentiality of donor records. The Foundation will provide information contained in donor records to College officials upon request in accordance with applicable laws, Foundation policies and guidelines. Such information may also be provided to Foundation officers and Foundation Board members.

2. **Foundation Budget**. The Finance and Investment Committee of the Foundation Board shall, in consultation with the College President or his or her designee, develop a proposed annual operating budget and capital expenditure plan. After a final

review by College President, the budget and capital expenditure plan shall be presented to the full Foundation Board for approval.

3. **Compensation to College Employees.** It is not anticipated that Foundation will provide supplementary compensation to College employees. The Foundation Board of Directors may provide funds to the College annually for Faculty and Staff Achievement Awards. The College identifies the faculty and staff members who will be recipients of those awards and disburses the funds to the recipients.

Article VI
Audit and Reporting Requirements

1. **Fiscal Year.** The Foundation and the College shall have the same fiscal year.

2. **Independent Audit.** The business and affairs of the Foundation shall be audited annually as a component unit of the College by the independent certified public accountants who are the auditors for the College. Those accountants shall not be officers or directors of the Foundation. The audit shall be a full scope audit, performed in accordance with generally accepted auditing standards and prepared in accordance with Government Accounting Standards Board (GASB) principles or Financial Accounting Standards Board (FASB) principles, as appropriate. The cost of the audit shall be paid by the College. A written report of the audit shall be provided to the Idaho State Board of Education.

3. **Foundation Reports to the College President.** The Foundation shall provide the following reports to the President of the College. Except for the audit report prepared by College's independent auditor, these reports will be prepared by or under the direction of the Executive Director. Copies of each report shall be provided to the Foundation Board. The reports and their frequency are as follows:
   - **a.** Annual financial audit report;
   - **b.** Annual report of transfers made to the College, summarized by departments;
   - **c.** Annual report of unrestricted funds received, and of unrestricted funds available for use in that fiscal year;
   - **d.** A list of Foundation officers and directors shall be provided annually and the President shall be promptly notified of any changes in that list;
   - **e.** A list of any College employees for whom the Foundation made payments to College for supplemental compensation or any other approved purpose during the fiscal year, and the amount and nature of that payment
   - **f.** A list of all state and federal contracts and grants managed by the Foundation;
   - **g.** An annual report of the Foundation's major activities;
   - **h.** An annual report of each real estate purchase or material capital lease, investment, or financing arrangement entered into during the preceding Foundation fiscal year for the benefit of the College; and
   - **i.** An annual report of any actual litigation involving the Foundation during its fiscal year, as well as legal counsel used by the Foundation for any

purpose during such year. This report should also discuss any potential or threatened litigation involving the Foundation.

Article VII
Conflicts of Interest and Code of Ethics

1. Conflicts of Interest Policy Statements. The Foundation has adopted a written policy addressing the manner the Foundation will address conflict of interest situations. The Foundation's Conflict of Interest Policy is attached as Exhibit F.

2. Dual Representation. Under no circumstances may a College employee represent both the College and the Foundation in any negotiation, sign for both entities in transactions, or direct any other institution employee under their immediate supervision to sign for the related party in a transaction between the College and the Foundation. This shall not prohibit College employees from drafting transactional documents that are subsequently provided the Foundation for its independent review, approval and use.

3. Contractual Obligation of College. The Foundation shall not enter into any contract that would impose a financial or contractual obligation on the College without first obtaining the prior written approval of the College. College approval of any such contract shall comply with policies of the State Board with respect to approval of College contracts.

4. Acquisition or Development of Real Estate. The Foundation shall not acquire or develop real estate or otherwise build facilities for the College's use without first obtaining approval of the State Board. In the event of a proposed purchase of real estate for such purposes by the Foundation, the College shall notify the State Board, at the earliest possible date, of such proposed purchase for such purposes. Furthermore, any such proposed purchase of real estate for the College's use shall be a coordinated effort of the College and the Foundation. Any notification to the State Board required pursuant to this paragraph may be made through the State Board's chief executive officer in executive session pursuant to Idaho Code Section 67-2345(1)(c).

Article VIII
General Terms

1. Effective Date. This Agreement shall be effective on the date set forth above.

2. Right to Terminate. This Operating Agreement shall terminate upon the mutual written agreement of both parties. In addition, either party may, upon 90 days prior written notice to the other, terminate this Operating Agreement, and either party may terminate this Operating Agreement in the event the other party defaults in the performance of its obligations and fails to cure the default within 30 days after receiving written notice from the non-defaulting party specifying the nature of the default.

Should the College choose to terminate this Operating Agreement by providing 90 days written notice or in the event of a default by the Foundation that is not cured within the time frame set forth above, the Foundation may require the College to pay, within 180 days of written notice, all debt incurred by the Foundation on the College's behalf including, but not limited to, lease payments, advanced funds, and funds borrowed for specific initiatives.

Should the Foundation choose to terminate this Operating Agreement by providing 90 days written notice or in the event of a default by the College that is not cured within the time frame set forth above, the College may require the Foundation to pay any debt it holds on behalf of the Foundation in like manner.

The parties agree that in the event this Operating Agreement shall terminate, they shall cooperate with one another in good faith to negotiate a new agreement within six (6) months. In the event the parties are unable to negotiate a new agreement within the time period specified herein, they will refer the matter to the State Board for resolution. Termination of this Operating Agreement shall not constitute or cause dissolution of the Foundation.

3. **Board Approval of Operating Agreement.** Prior to the Parties' execution of this Operating Agreement, an unexecuted copy of this Operating Agreement must be approved by the State Board. Furthermore, this Operating Agreement, including any subsequent modifications and restatements of this Operating Agreement, shall be submitted to the State Board for review and approval no less frequently than once every three (3) years or more frequently if otherwise requested by the State Board.

4. **Modification.** Any modification to the Agreement or Exhibits hereto shall be in writing and signed by both Parties.

5. **Providing Document to and Obtaining Approval from the College.** Unless otherwise indicated herein, any time documents are to be provided to the College or any time the College's approval of any action is required, such documents shall be provided to, or such approval shall be obtained from, the College's President or an individual to whom such authority has been properly delegated by the College's President.

6. **Providing Documents to and Obtaining Approval from the Foundation.** Unless otherwise indicated herein, any time documents are to be provided to the Foundation or any time the Foundation's approval of any action is required, such document shall be provided to, or such approval shall be obtained from, the Foundation's Board of Directors or an individual to whom such authority has been properly delegated by the Foundation's Board of Directors.

7. **Notices.** Any notices required under this agreement may be mailed or delivered as follows:

President
Lewis-Clark State College
500 8th Avenue
Lewiston, ID 83501

8. **No Joint Venture.** At all times and for all purposes of this Operating Agreement, the College and the Foundation shall act in an independent capacity and not as an agent or representative of the other party.
9. **Liability.** The College and Foundation are independent entities and neither shall be liable for any of the other's contracts, torts, or other acts or omissions, or those of the other's trustees, directors, officers, members or employees.

10. **Indemnification.** The College and the Foundation each agree to indemnify, defend and hold the other party, their officers, directors, agents and employees harmless from and against any and all losses, liabilities, and claims, including reasonable attorney's fees arising out of or resulting from the willful act, fault, omission, or negligence of the party, its employees, contractors, or agents in performing its obligations under this Operating Agreement. This indemnification shall include, but not be limited to, any and all claims arising from an employee of one party who is working for the benefit of the other party. Nothing in this Operating Agreement shall be construed to extend to the College's liability beyond the limits of the Idaho Tort Claims Act, Idaho Code §6-901 et seq.

11. **Dispute Resolution.** The parties agree that in the event of any dispute arising from this Operating Agreement, they shall first attempt to resolve the dispute by working together with the appropriate staff members of each of the parties. If the staff cannot resolve the dispute, the dispute will be referred to the President of the Foundation and the College President. If the Foundation and the College President cannot resolve the dispute, then the dispute will be referred to the Foundation President and the State Board of Education for resolution. If they are unable to resolve the dispute, the parties shall submit the dispute to mediation by an impartial third party or professional mediator mutually acceptable to the parties. If and only if all the above mandatory steps are followed in sequence and the dispute remains unsolved, then, in such case, either party shall have the right to initiate litigation arising from this Operating Agreement. In the event of litigation, the prevailing party shall be entitled, in addition to any other rights and remedies it may have, to reimbursement for its expenses, including court costs, attorney fees, and other professional expenses.

12. **Dissolution of Foundation.** Consistent with provisions appearing in the Foundation's Bylaws and/or Articles of Incorporation, should the Foundation cease to exist or cease to qualify as an Internal Revenue Code §501(c)(3) organization, the Foundation will transfer its assets and property to the College, to a reincorporated successor Foundation organized to benefit the College, or to the State of Idaho for public purposes, in accordance with Idaho law.

13. **Assignment.** This Operating Agreement is not assignable by either party, in whole or in part.

14. **Governing Law.** This Operating Agreement shall be governed by the laws of the State of Idaho.

15. **Severability.** If any provision of this Operating Agreement is held invalid or unenforceable to any extent, the remainder of this Operating Agreement is not affected thereby and that provision shall be enforced to the greatest extent permitted by law.

16. **Entire Operating Agreement.** This Operating Agreement constitutes the entire agreement among the Parties pertaining to the subject matter hereof, and supersedes all prior agreements and understandings pertaining thereto.

17. **List of Attachments**
    - Exhibit A – Gift Acceptance Policy
    - Exhibit B – Policy for Accounting for Gift Revenue
    - Exhibit C – Investment Policy Statement
    - Exhibit D – Directors and Officers Liability Insurance
    - Exhibit E – Committee Descriptions
    - Exhibit F – Policy on Conflict of Interest

IN WITNESS WHEREOF, the College and the Foundation have executed this agreement on the above specified date.

LEWIS-CLARK STATE COLLEGE

BY____

COLLEGE

LEWIS-CLARK STATE COLLEGE
FOUNDATION, INC.

BY____

FOUNDATION

EXHIBIT A

LEWIS-CLARK STATE COLLEGE FOUNDATION, INC.

Gift Acceptance Policy

Gifts to Corporation

In General

Donors may make gifts to the corporation by naming or otherwise identifying the corporation. Gifts shall vest in the corporation upon receipt and acceptance by it, whether signified by a Director, officer, employee or agent of the corporation.

Acceptance of Governing Documents

Each donor, by making a gift to the corporation, accepts and agrees to all the provisions of the Articles of Incorporation and (the) Bylaws.

Split Interest Gifts

The corporation shall have the power and authority to arrange and administer deferred and other split-interest gifts, including, but not limited to, charitable lead and remainder unitrusts and annuity trusts, and charitable gift annuities, but only as permitted by the laws of the State of Idaho. If a gift is made to the corporation or a third party (in trust or otherwise) to make income or other payments for a period of a life or lives or other periods to any individuals or for noncharitable purposes, followed by payments to the corporation, or to make income or other payments to the corporation, followed by payments to any individuals or for noncharitable purposes, only the payments to the corporation shall be regarded as subject to the corporation's Articles of Incorporation and (the) Bylaws and then only when the corporation becomes entitled to their use. The Directors may take such actions as it, from time to time, deems necessary to protect the corporation's rights to receive such payments.

Restricted Gifts, Acceptance

Any donor may, with respect to a gift made by such donor to the corporation, provide at the time of the gifts restrictions or conditions which are not inconsistent with the charitable purposes of the corporation, as to (i) the manner of distribution, including amounts, times and conditions of payment and whether from principal or income, and (ii) the name, as a memorial or otherwise, for a fund given, or addition to a fund previously held, or anonymity for the gift. Restrictions involving the naming of a fund as a memorial or otherwise may be satisfied by keeping such name appropriate accounts reflecting the interest of such funds in a common investment. Nothing in the foregoing shall obligate the corporation to accept any gift or to perform any act, which, in the opinion of the Directors, will not be in the best interests of the corporation or which may jeopardize or cause it to lose its status as an exempt organization described in Section 501 (c) (3) of the Internal Revenue Code.

EXHIBIT B

LEWIS-CLARK STATE COLLEGE FOUNDATION, INC.

Policy for Accounting of Gift Revenue

1. ***Fiduciary Responsibility.*** Each gift, regardless of value, form, or designated use, shall be accounted for at the time of receipt until used as directed by the donors in support of the mission of the Foundation and/or the College. During such time as funds are retained, they shall be invested in accordance with procedures of the Finance and Investment Committee. The development office shall be responsible for any reports to donors on the use of their funds, to be accomplished in concert with operating managers and the accounting department.

2. ***Allocation to Restricted Funds.*** Gifts received for restricted purposes (either temporarily restricted or permanently restricted) shall be separately accounted for in order to maintain stewardship of these funds as donors direct. The segregation of these funds is to be performed by the accounting department, who shall report to donors on their disposition and use through the development office.

3. ***Expenditure Controls.*** The uses of gift revenue, especially restricted gifts shall be fully accounted for, beginning with their deposit to temporarily restricted fund accounts, stewardship, disposition reports, and with expenditures only as directed by the donor in keeping with the mission of the College and/or the Foundation.

4. ***Allocation to Endowment.*** Funds restricted to endowment or so restricted by the Foundation Board shall be invested and accounted for in accord with policies of the Finance and Investment Committee.

5. ***Investment of Funds.*** All gifts received shall be invested until used in accord with donor wishes, using short-term or long-term investment plans as defined by the Finance and Investment Committee. Funds restricted to endowment or so restricted by the Foundation Board shall be invested and accounted for as directed by the Finance and Investment Committee. Investment earnings shall be used only for the purposes specified by the donor or the Board, with amounts as resolved by the Finance and Investment Committee.

6. ***Accounting Reports.*** Regular accounting reports will summarize the disposition of all money, illustrating their present disposition by source, purpose or use, and fundraising program, which shall be prepared for each Foundation Board meeting and distributed to the Board members.

Lewis-Clark State College Foundation
Investment Policy Statement

PURPOSE

The purpose of this Investment Policy Statement (IPS) is to establish a clear understanding between the Lewis-Clark State College Foundation ("Foundation") and the Foundation's professional "Advisor" as to the investment objectives and policies applicable to the Foundation's investment portfolio. This Investment Policy Statement will:

- Establish reasonable expectations, objectives and guidelines in the investment of the portfolio's assets
- Set forth an investment structure detailing permitted asset classes and expected allocation among asset classes
- Encourage effective communication between the Advisor and the Foundation.
- Create the framework for a well-diversified asset mix that can be expected to generate acceptable long term returns at a level of risk suitable to the Foundation.

This IPS is not a contract. This IPS is intended to be a summary of an investment philosophy that provides guidance for the Advisor.

ADVISOR CONTRACT

The Advisor Contract will typically be awarded for an initial three (3) year period with an option for one additional two (2) year renewal. The decision to enter a new contract or engage in an RFP process or other process shall be at the sole discretion of the Foundation Board. The Board may, at its discretion, choose to forego an RFP process or other process in favor of entering into a new contract with the existing advisor. All fees shall be firm for the term of the contract and will be included in any contract agreement. A performance review will be conducted annually by the Foundation Finance & Investment Committee, or by any of its designated subcommittees.

If, for any reason, the Foundation should wish to discontinue the professional's services, the Foundation, with thirty (30) days' written notice, may terminate the contract.

INVESTMENT OBJECTIVES

The primary investment objective for the Foundation's assets is to seek long term growth. However, the Foundation does intend to withdraw 4% annually to provide for required distribution. The cash flow intentions of the Foundation are detailed in the Foundation's Spending Policy.

TIME HORIZON

For the purposes of planning, the time horizon for investments is perpetuity. The Foundation recognizes that capital values fluctuate over shorter periods and the possibility of capital loss does exist. However, historical asset class return data suggest that the risk of principal loss over a holding period of at least ten years can be minimized with the long-term investment mix employed under this IPS.

RISK TOLERANCE
The Foundation is a moderate risk taker with regard to these investment assets. The portfolio will be managed in a manner that seeks to minimize principal fluctuations over the established horizon and is consistent with the stated objectives. Financial research has demonstrated that risk is best minimized through diversification of assets.

ASSET ALLOCATION
Academic research suggests that the decision to allocate total assets among various asset classes will far outweigh security selection and other decisions that impact portfolio performance. After reviewing the long-term performance and risk characteristics of various asset classes and balancing the risks and rewards of market behavior, the following asset classes were selected to achieve the objectives of the Foundation's Portfolio.

Table 1-1

Asset Category	Target Allocation	Acceptable Range
CASH	**2%**	**1% - 10%**
FIXED INCOME	**28%**	**20% - 40%**
STOCKS	**70%**	**60%-80%**
TOTAL	**100%**	

*International stocks not to exceed 17.5% of the total portfolio.

Updated Allocations
From time to time, it may be desirable to amend the basic allocation policy or calculations. When such changes are made, updates will be attached to this Investment Policy Statement as Appendix A and will be considered part of this Investment Policy Statement. The Advisor will provide to the Foundation the recommended or desired targeted allocation percentages. The recommendation will fall within the acceptable range as indicated in table 1-1.

Portfolio Rebalancing
From time to time, market conditions may cause the portfolio's investment in various asset classes to vary from the targeted allocation. To remain consistent with the asset allocation guidelines established by this IPS, each asset class in which the portfolio invests shall be reviewed annually by the Advisor and rebalanced back to the recommended weighting if the actual weighting varies by 3% or more from the recommended weighting (e.g., if the targeted allocation for a particular asset class is 10% and the actual is less than 7% or more than 13%, that asset class will be adjusted back to the targeted 10% allocation by either adding assets or distributing assets to or from the other asset classes.)

DIVERSIFICATION
Investment of the Foundation's funds shall be limited to the following categories:

<u>Permitted Investment Categories</u>
1. Cash and cash equivalents, including money market funds
2. Fixed income assets
    a) Bonds (corporate, U.S. government, or government agency)
    b) Bank certificates of deposit
3. Stocks (Large and Small U.S. -based and Foreign companies)

<u>Excluded Categories for Investment</u>
1. Derivatives
2. Natural resources
3. Precious metals
4. Venture capital

<u>Investment Concentration</u>

At all times there must be a minimum of three investment categories represented among the Foundation's assets. There shall be no maximum limit to the number of categories. No individual security held shall represent more than 14% of the total portfolio. (The Foundation considers mutual funds and ETFs to be a security).

INVESTMENT MONITORING AND CONTROL PROCEDURES
<u>Reports</u>
1. Advisor shall provide the Foundation with a monthly report that lists all assets held by the Foundation, values for each asset and all transactions affecting assets within the portfolio, including additions and withdraws.
2. Advisor shall provide the Foundation on a quarterly basis and within 30 days of the end of each calendar quarter, the following reports:
    a) Portfolio performance results over the last quarter, year, 3 years and 5 years
    b) Performance results of comparative benchmarks for the same periods; performance shall be reported on a time-weighted basis.

3. Advisor shall assist in the development of investment policies, objectives and guidelines.
4. Advisor shall prepare asset allocation analyses as necessary and recommend asset allocation strategies with respect to the Foundation's objectives.
5. Advisor shall provide research on specific issues and opportunities and assist the Foundation finance & Investment Committee in special tasks.
6. Advisor shall make tactical implementation decisions, including rebalancing, within the asset allocations ranges set by the Foundation and among investment managers with communication of such decisions and the rational at the next Foundation meeting. Such decisions will be tracked by the Advisor who will report the results of each of those decisions in its Investment Review provided to the Foundation for its quarterly meetings.

7. Advisor shall notify the Foundation Finance & Investment Committee of any significant changes in portfolio managers, personnel or ownership of any investment management firm hired by the Foundation.
8. Advisor shall, overall, be proactive with the Administration of the Foundation in the management of the Foundation's investments.

Meeting
Advisor shall meet with the Foundation's Finance and Investment Committee at least annually (or semi-annually if the Foundation chooses) in order to give a detailed report as to activity in the investment account, manager selection, tactical changes in the asset allocation weightings or other information the Foundation shall require.
Advisor shall also meet annually with the Foundation Board in September of each year to give a detailed report on the Foundation's investments.

ADOPTION
Adopted and Revised by the Foundation on this 16th day of June, 2015.

PI-NPD-1 (01-02)

PHILADELPHIA INSURANCE COMPANIES

A Member of the Tokio Marine Group

One Bala Plaza, Suite 100
Bala Cynwyd, Pennsylvania 19004
610.617.7900 Fax 610.617.7940
PHLY.com

FLEXIPLUS FIVE
NOT-FOR-PROFIT ORGANIZATION DIRECTORS & OFFICERS LIABILITY INSURANCE
EMPLOYMENT PRACTICES LIABILITY INSURANCE
FIDUCIARY LIABILITY INSURANCE
WORKPLACE VIOLENCE INSURANCE
INTERNET LIABILITY INSURANCE

Philadelphia Indemnity Insurance Company

Policy Number: PHSD1277934

DECLARATIONS

NOTICE: EXCEPT TO SUCH EXTENT AS MAY OTHERWISE BE PROVIDED HEREIN, THIS POLICY IS WRITTEN ON A CLAIMS MADE BASIS AND COVERS ONLY THOSE CLAIMS FIRST MADE DURING THE POLICY PERIOD AND REPORTED IN WRITING TO THE INSURER PURSUANT TO THE TERMS HEREIN. THE AMOUNTS INCURRED FOR DEFENSE COST SHALL BE APPLIED AGAINST THE RETENTION.

Item 1. Parent Organization and Address:
Lewis-Clark State College Foundation
500 8th Ave
Lewiston, ID 83501-2691

Internet Address: www. lcsc.edu

Item 2. Policy Period: From: 09/11/2017 To: 09/11/2018
(12:01 A.M. local time at the address shown in Item 1.)

Item 3. Limits of Liability:

(A)	Part 1, D&O Liability:	$	1,000,000	each Policy Period.
(B)	Part 2, Employment Practices:	$		each Policy Period.
(C)	Part 3, Fiduciary Liability:	$		each Policy Period.
(D)	Part 4, Workplace Violence:	$		each Policy Period.
(E)	Part 5, Internet Liability:	$		each Policy Period.
(F)	Aggregate, All Parts:	$	1,000,000	each Policy Period.

PI-NPD-1 (01-02)

Item	4.	Retention:			
		(A)	Part 1, D&O Liability:	$	2,500 for each Claim under Insuring Agreement B & C.
		(B)	Part 2, Employment Practices:	$	for each Claim.
		(C)	Part 3, Fiduciary Liability:	$	for each Claim.
		(D)	Part 4, Workplace Violence:	$	for each Workplace Violence Act.
		(E)	Part 5, Internet Liability:	$	for each Claim.

Item 5. Prior and Pending Date: Part 1 09/11/2008 Part 2 No Date Applies Part 3 No Date Appli
Part 4 No Date Applies Part 5 No Date Applies

Item 6. Premium: Part 1 $ 1,673.00 Part 2 Part 3
Part 4 Part 5

State Surcharge/Tax: *Total Premium*: $ 1,673.00

Item 7. Endorsements: PER SCHEDULE ATTACHED

In witness whereof, the Insurer issuing this Policy has caused this Policy to be signed by its authorized officers, but it shall not be valid unless also signed by the duly authorized representative of the Insurer.

Robert O Y — Cheryl A Clay — 9/13/17

Authorized Representative — Countersignature — Countersignature Date

EXHIBIT E

LEWIS-CLARK STATE COLLEGE FOUNDATION, INC.
Committee or Task Force Descriptions

Executive Committee

The Executive Committee is chaired by the President of the Foundation Board.

The members of the Executive Committee shall be: The officers of the Board, the Immediate Past President, all chairs of approved committees or task forces and other members as designated.

Responsibilities include:

- making interim decisions for the Board (to be ratified by the full Board at its subsequent meeting);
- overseeing the long-range and strategic planning of the organization;
- serving as a sounding board for new programs or policies that should come before the full Board eventually;
- enforcing membership responsibilities, including attendance policies and committee appointments;
- monitoring progress of Board and staff in achieving current year goals;
- scrutinizing budget performance;
- maintaining a close and candid relationship with the leadership of the College;
- following and evaluating the performance of the Foundation's Executive Director;
- evaluating Board performance by recognizing superior results or levels of service and by arranging for the departure of unproductive Board members;
- acting on behalf of the Board in times of emergency or necessary expediency.

The actions of the Executive Committee are subject to revision or alteration by the Board. Minutes of Executive Committee meetings are sent to each Board member. Membership in the Executive Committee will not exceed a quorum of the full Board. A quorum at any meeting of the Executive Committee shall consist of a simple majority of the members.

Lewis-Clark State College Foundation
Other Committee or Task Force Descriptions

<u>Finance and Investment Committee</u>

The Finance and Investment Committee shall oversee the Foundation's budget activities and expenses; monitor the flow of funds to determine consistency between expenditures and generated revenue; manage the investment portfolio; establish financial policies; oversee the buildings and grounds owned by the Foundation.

Scholarship Committee

The Scholarship Committee shall oversee the awarding of specific scholarships; establish scholarship policies and review the process; assist in the planning of three scholarship events annually.

Other Committees or Task Forces

The Directors may designate and appoint one or more standing committees or task forces, each of which shall consist of two (2) or more Directors. These committees, to the extent provided in such resolution, shall have and exercise the authority of the Directors in the management of the corporation.

Lewis-Clark State College Foundation

Foundation Director
Policy on Conflict of Interest

CONFLICTS OF INTEREST POLICY

No board member shall use his or her position, or the knowledge gained therefrom, in such a manner that conflict between the interest of the organization or any of its affiliates and his or her personal interests arises.

Each board member has a duty to place the interest of the organization foremost in any dealings with the organization and has a continuing responsibility to comply with the requirements of this policy.

Board or committee members may not obtain for themselves, their relatives, or their friends a material interest of any kind from their association with the organization. No board member shall accept from any source any material gift or gratuity in excess of fifty dollars ($50.00) that is offered, or reasonably appears to be offered, because of the position held within the Foundation; nor should an offer of a prohibited gift or gratuity be extended by such an individual on a similar basis.

It is, nevertheless, recognized that transactions between Lewis-Clark State College Foundation ("Foundation") and a business or other organization with whom a board member is affiliated may be beneficial to the Foundation and that the Foundation should not be precluded from entering into that beneficial transaction so long as the board member does not participate in or otherwise influence the Foundation's decision regarding the transaction.

It shall be the policy of the Foundation to require that all new Board members, prior to assuming their positions, and all present Board members, as soon as practicable after the adoption of this policy, submit in writing to the President a list of all businesses or other organizations (other than the Foundation) of which he or she is an officer, member, owner (either as a sole practitioner or partner), shareholder with a five percent (5%) or greater interest in all outstanding voting shares, employee or agent, with which the Foundation has, or may reasonably in the future have, a relationship or transaction in which the Board member or officer would have conflicting interests. Each written statement shall be resubmitted each year with any necessary changes.

The President shall become familiar with the statements of all Board members and officers in order to guide their conduct should a conflict arise. The Vice-President shall be familiar with the statement filed by the President.

At such time as any matter comes before the Board in such a way as to give rise to conflict of interest, the affected Board member or officer shall make known the potential conflict, whether disclosed by written statement or not. After answering any questions that might be asked, the affected Board member shall withdraw from the meeting until the matter has been voted upon. In the event that the affected Board member or officer fails to withdraw voluntarily, the President is empowered to require withdrawal from the room during both discussion and vote on the matter. In the event the conflict of interest affects the President, the Vice-President is empowered to require that the President withdraw in the same manner, and for the duration of discussion and action on the matter the Vice-President shall preside.

If the matter about which a conflict has arisen is the item of business for which a special meeting of the Board was called, the affected member may be counted to establish a quorum, but shall not participate in the discussion or vote on it.

ADOPTED, this 15th day of December, 1998.

CONFLICTS OF INTEREST FORM

As required in paragraph five (5) of the Conflicts of Interest Policy, please list all businesses or other organizations (other than the Foundation) of which you are an officer, member, owner (either as a sole practitioner or partner), shareholder with a five percent (5%) or greater interest in all outstanding voting shares, employee or agent, with which the Foundation has, or may reasonably in the future have, a relationship or transaction in which you would have conflicting interests.

1. ____________________

2. ____________________

3. ____________________

4. ____________________

5. ____________________

6. ____________________

7. ____________________

8. ____________________

9. ____________________

10. ____________________

Name:

____

Signature Date

This form should be returned to President, LCSC Foundation, Lewis-Clark State College, 500 8th Avenue, Lewiston, ID 83501.