

OVERSIGHT OF PUBLIC FUNDS

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Mark B. Madsen

House Sponsor: _____

LONG TITLE

General Description:

This bill modifies accounting reporting requirements for nonprofit corporations receiving certain levels of government funding.

Highlighted Provisions:

This bill:

- ▶ modifies definitions; and
- ▶ requires a nonprofit corporation to comply with existing reporting requirements if it receives at least 50% of its funds from federal, state, and local government entities

through:

- fees;
- dues;
- gate receipts;
- broadcast rights; and
- penalties.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:



28 **51-2a-102**, as last amended by Laws of Utah 2007, Chapter 170



30 *Be it enacted by the Legislature of the state of Utah:*

31 Section 1. Section **51-2a-102** is amended to read:

32 **51-2a-102. Definitions.**

33 As used in this chapter:

34 (1) "Accounting reports" means an audit, a review, a compilation, or a fiscal report.

35 (2) "Audit" means an examination that:

36 (a) analyzes the accounts of all officers of the entity having responsibility for the care,
37 management, collection, or disbursement of money belonging to it or appropriated by law or
38 otherwise acquired for its use or benefit;

39 (b) is performed in accordance with generally accepted government auditing standards;
40 and

41 (c) conforms to the uniform classification of accounts established or approved by the
42 state auditor or any other classification of accounts established by any federal government
43 agency.

44 (3) "Audit report" means:

45 (a) the financial statements presented in conformity with generally accepted accounting
46 principles;

47 (b) the auditor's opinion on the financial statements;

48 (c) a statement by the auditor expressing positive assurance of compliance with state
49 fiscal laws identified by the state auditor;

50 (d) a copy of the auditor's letter to management that identifies any material weakness in
51 internal controls discovered by the auditor and other financial issues related to the expenditure
52 of funds received from federal, state, or local governments to be considered by management;
53 and

54 (e) management's response to the specific recommendations.

55 (4) "Compilation" means information presented in the form of financial statements
56 presented in conformity with generally accepted accounting principles that are the
57 representation of management without the accountant undertaking to express any assurances on
58 the statements.

59 (5) "Fiscal report" means providing information detailing revenues and expenditures of
60 all funds using forms provided by the state auditor.

61 (6) "Governing board" means:

62 (a) the governing board of each political subdivision;

63 (b) the governing board of each interlocal organization having the power to tax or to
64 expend public funds;

65 (c) the governing board of any local mental health authority established under the
66 authority of Title 62A, Chapter 15, Substance Abuse and Mental Health Act;

67 (d) the governing board of any substance abuse authority established under the
68 authority of Title 62A, Chapter 15, Substance Abuse and Mental Health Act;

69 (e) the governing board of any area agency established under the authority of Title
70 62A, Chapter 3, Aging and Adult Services;

71 (f) the governing board of any nonprofit corporation that receives at least 50% of its
72 funds from federal, state, and local government entities, including public schools, through
73 contracts, fees, dues, gate receipts, broadcast rights, and penalties levied against public entities;

74 (g) the governing board of any other entity established by a local governmental unit
75 that receives tax exempt status for bonding or taxing purposes; and

76 (h) in municipalities organized under an optional form of municipal government, the
77 municipal legislative body.

78 (7) "Review" means performing inquiry and analytical procedures that provide the
79 accountant with a reasonable basis for expressing limited assurance that there are no material
80 modifications that should be made to the financial statements for them to be in conformity with
81 generally accepted accounting principles.

Legislative Review Note
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Office of Legislative Research and General Counsel