



OFFICE OF THE
UTAH STATE AUDITOR

**REPORTING REQUIREMENTS FOR STATE ENTITIES
THAT WORK WITH NONPROFIT ORGANIZATIONS (NPOs)**

Definitions

"State entity" means a department, commission, board, council, agency, institution, officer, corporation, fund, division, office, committee, authority, laboratory, library, unit, bureau, panel, or other administrative unit of the state.

"State grant money" means any money awarded as a grant from state fee or tax revenues, including funds awarded directly to the NPO by the state entity or appropriated to a state entity to distribute to an NPO. "State grant money" does NOT include money to an NPO for the purchase of goods or services based on a contract between a state entity and a NPO that is subject to the state procurement process, nor does it include donations/contributions received by a State entity and passed through to an NPO.

NPO Requirements

Prior to providing any state grant money, a state entity must ensure that the NPO has met the following requirements:

1. **Written Agreement** – The NPO must have a written agreement with the state entity wherein they agree, at a minimum, to:
 - a. Provide the state entity with an **itemized report at least annually** detailing the expenditure of the state grant money.
 - b. **Disclose** whether the NPO received in the previous year or will receive in the year that the grant is issued:
 - 1) at least 50% of its funds from federal, state, or local government entities or;
 - 2) \$500,000 or more from state entities.
2. **Bylaws** – The NPO must have bylaws that provide for the financial oversight of the state grant money and compliance with state laws related to the state grant money;
3. **Governing Board Procedures** – The NPO must have procedures for the governing board to
 - a) designate an administrator who manages the state money, and
 - b) dismiss the administrator, if necessary.

State entities may require an NPO to return money if the NPO fails to comply with these requirements.

Required Notifications from State Entity to Office of the Utah State Auditor

If the NPO discloses to the state entity that it meets or exceeds the requirements noted in 2 above, the state entity shall notify the Office of the Utah State Auditor no later than **August 15th** of each year for all grants issued in the recently ended fiscal year. This notification will be done by completing a **report on our website at auditor.utah.gov** (click on the [Audit Resources] tab, then the [State Agency Report of Grants to Nonprofits] tab). We encourage you to complete the online form upon the awarding of each grant; however, you may also click on the link to download a spreadsheet which can be completed for multiple grants and emailed to sao@utah.gov. Please do not change the format of the spreadsheet, as the information will be uploaded to a database.

Legal Requirements – *Utah Code* 51-2a-204 and 63J, Chapter 9, resulting from H.B. 283, *Nonprofit Entity Receipt of Government Money*, which was passed in 2014.

For questions, contact Ryan Roberts of the Office of the Utah State Auditor at 801-538-1721 or ryanroberts@utah.gov.