

164A.610 Organization and operation of affiliated corporations.

- (1) An institution may organize and operate one (1) or more affiliated corporations to assist it in carrying out its programs, missions or other functions. A qualified firm of certified public accountants experienced in the auditing of colleges and universities and their affiliated corporations shall be engaged to conduct an annual examination of the corporation's financial statements in accord with generally accepted auditing standards for the purpose of rendering an independent opinion thereon and preparing a report of findings and recommendations concerning appropriate accounting controls and compliance with applicable statutes. The affiliated corporation shall adhere to the principles of accounting and purchasing used by the institution with which it is affiliated.
- (2) The affiliated corporation shall provide the institution with an accounting at least quarterly, of all income and expenditures of said corporation in connection with contracts or grants with entities external to the institution and the corporation, for the conduct of research or other projects carried out, in whole or in part, through the use of institutional facilities or personnel.
- (3) The affiliated corporation shall pay to, or for the benefit of, the institution any and all funds received by it from any person, corporation, association or governmental agency external to the institution and the affiliated corporation as reimbursement for indirect expenses incurred by the institution in carrying out research or furnishing other goods or services, deducting from such payments only the expenses attributable to the procurement and performance of research grants and contracts and other contracts for the provision of such goods and services and such sums as may be essential to meet contractual obligations incurred at the request of the institution's governing board.

Effective: July 15, 1982

History: Created 1982 Ky. Acts ch. 391, sec. 14, effective July 15, 1982.