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September 29, 2017

Members of the Commission on Special License Plates
Legislative Building
Carson City, Nevada 89701

NRS 482.38277 requires certain organizations receiving revenue from the issuance of special license plates to provide information to the Commission on Special License Plates on or before September 1 of each year. In accordance with NRS 482.38278, we have reviewed financial and other information provided by charitable organizations. The purpose of our work was to review information related to: (1) the adequacy and accuracy of forms and records filed with the Commission; (2) evidence of improper practices of financial administration; and (3) methods and procedures to ensure fees are expended solely for the benefit of the intended recipient. Based on our review of the information provided, several organizations receiving special license plate fees were not in compliance with all applicable filing requirements for 2017. For example, four organizations did not submit all required information and four did not post their tax returns to their websites. Additionally, two organizations did not maintain their charitable non-profit status, and another organization had improper methods and procedures used to ensure that all money received was expended solely for the benefit of the intended recipient.

NRS 482.38277 exempts governmental entities that are included in the state's executive budget from the reporting requirements. Therefore, our analysis did not include state governmental entities that received license plate fees. However, we obtained statistical information from the Department of Motor Vehicles (DMV) that includes all charitable organizations receiving money from special license plate fees. The DMV statistical information is included as Attachment A.

Our report is based on reviewing information provided by charitable organizations. Therefore, much of the information contained in this report is based on representations by management of the charitable organization. Our work did not constitute an audit performed in accordance with generally accepted government auditing standards. An audit would involve a more extensive examination of supporting records. For example, an audit may include testing expenditure documents to verify the accuracy of reported amounts, conducting an evaluation of program activities, or verifying that reported procedures are followed.

Adequacy and Accuracy of Forms and Records

Organizations are required to submit a balance sheet, bank statement(s) and supporting schedules for certain balance sheet items. In addition, NRS 482.38277 requires organizations

receiving license plate fees to submit a budget, expenditure detail, a description of methods and procedures, a list of contact persons, and a tax return if applicable. Five organizations either failed to submit all required information or did not provide required information on their websites. Furthermore, several organizations did not initially provide all information and had to be contacted on one or more occasion before it was submitted. The following summarizes problems with organizations that did not provide accurate or complete information after our requests:

Horse Power:

- The organization did not submit a line-item budget. Instead, the Executive Director provided calendar year 2016 budgeted percentages for four expense categories. A line-item budgeting process was recommended in our audit report issued in April 2017.
- Horse Power's submission indicated \$7,200 in checks related to granting activities remained outstanding as of December 31, 2016. However, bank reconciliations do not reflect any outstanding checks. We contacted the Executive Director for clarification regarding this matter who did not respond to our requests for further information.

Missing Tax Return Information:

Organization	Missing Information
Hot August Nights	Did not submit most recent tax return. ⁽¹⁾ Tax return not posted to website.
Search and Rescue	Did not submit most recent tax return. Tax return not posted to website.
Teamsters Local Union #631	Tax return not posted to website.
University Medical Center Foundation	Did not submit most recent tax return. ⁽¹⁾ Tax return not posted to website.

⁽¹⁾Repeat finding from the prior year.

Improper Practices of Financial Administration

We identified two organizations that lacked proper financial administration.

Hot August Nights:

- We found the organization's tax exempt status had been revoked by the IRS in May 2016. Staff informed us the organization did not file its 2015 and 2016 tax returns with the IRS.

Nevada High School Rodeo Association:

- The tax return filed was a corporate return, and not a charitable organization return. Discussions with the organization indicate a reorganization was done in 2010 and non-profit status from the Internal Revenue Services (IRS) was not completed.

Nevada High School Rodeo. The organization indicated it will be filing its IRS application for non-profit status shortly. This is a repeat finding from the prior year.

Methods and Procedures

NRS 482.38277(4)(b) requires each charitable organization not included in the executive budget to provide its methods and procedures used to ensure that all money received from special license plate fees is expended solely for the benefit of the intended recipient. Our assessment was based on the nature of the organization receiving the fees and consideration of whether the intended recipient has been narrowly or broadly defined. Based on our review of the information provided, we identified one organization with evidence of inadequate methods and procedures.

Horse Power:

- As previously reported to the Commission, in April 2017 we issued an audit concerning Horse Power's operations. Although Horse Power complied with the current filing requirements by submitting its methods and procedures, the audit found that Horse Power did not follow its methods and procedures. This issue and other recommendations are currently being addressed by the Commission.

The extent to which methods and procedures are needed varies significantly among organizations. For example, the use of license plate fees for Future Farmers of America is broadly defined and fees can be used for any general organizational purpose. However, use of fees for the Hot August Nights license plate is narrowly defined, and procedures would be necessary to ensure the money is used for children in need and scholarship programs. Attachment B identifies the intended recipient and use of funds for organizations required to report information to the Commission.

Please contact Shannon Ryan or me at (775) 684-6815 if you have any questions regarding this report.

Sincerely,



Rocky Cooper, CPA
Legislative Auditor

RC:sy

Attachments

cc: Marjorie Paslov Thomas, Principal Research Analyst,
Research Division, Legislative Counsel Bureau

**Special License Plates
Department of Motor Vehicles
Fiscal Year Ended June 30, 2017**

License Plate	Number of Active Plates	Revenues Fiscal Year 2016	Total Revenues Since Approval
Animal Appreciation	2,695	\$58,008	\$590,286
Atomic Testing	1,254	28,225	250,438
Boulder City Chamber of Commerce	2,008	42,923	491,874
City of Reno	462	11,948	16,744
Desert Preserve	632	13,028	347,156
Federal Lands Surrounding Las Vegas	283	5,877	102,301
Friends of Red Rock Canyon	2,750	60,816	395,624
Future Farmers of America	1,703	36,238	488,740
Great Reno Balloon Race	28	800	800
Horse Power	6,959	153,933	1,143,718
Hot August Nights	1,529	33,793	462,459
Immigrant Workers Citizenship Project	2,969	65,824	855,688
Las Vegas Commemorative	91,563	1,999,756	23,089,525
March of Dimes	115	2,385	12,675
Mount Charleston	2,905	62,934	785,215
Nevada Carpenters Union	266	7,047	7,047
Nevada Bighorns Unlimited	59	1,297	32,920
Nevada Ducks Unlimited	191	3,879	82,490
Nevada Health Centers/Susan G. Komen	3,952	89,458	266,269
Nevada Library Association	174	3,468	82,355
Nevada Wildlife Record Book	3,966	85,561	1,001,062
Professional Firefighters	2,822	59,932	994,196
Pyramid Lake Paiute Tribe	2,636	57,618	1,022,966
Reno Air Races	1,646	35,447	396,501
Search and Rescue	106	2,283	32,660
Support of Rodeos	6,572	143,114	2,108,158
Teamsters Local Union No. 631	132	2,760	15,324
University Medical Center Foundation	421	8,669	70,627
Virginia & Truckee Railroad	1,263	26,728	413,834
Organizations Exempt From NRS 482.38277 Reporting Requirements¹			
Arts for All Nevada	4,758	52,266	967,983
Aviation	217	6,297	119,614
Bicycle Advisory Board	275	6,211	16,136
Conserve Wildlife	5,374	119,074	461,781
Donation of Human Organs	1,072	22,222	310,991
Lake Tahoe Basin	19,020	414,279	7,498,404
Missing or Exploited Children	3,181	35,066	692,168
Nevada Tourism	188	4,027	100,994
Sesquicentennial Commemorative	19,082	189,226	1,179,173
Thunderbirds	259	5,159	27,750
United We Stand	17,773	385,402	4,816,663
University of Nevada Las Vegas	6,447	141,504	1,629,881
University of Nevada Reno	9,647	210,810	2,470,377
Veterans	42,831	797,666	6,980,829
Volunteer Firefighters	548	11,912	173,670
Totals	272,733	\$5,504,870	\$63,006,066

¹ For these license plates, funds are administered by an agency that is included in the executive budget.

Note: Sparks Heritage Foundation and Museum, Desert Conservation Program, Keep Memory Alive, Womens Resource Medical Centers of Southern Nevada, and Hidden Valley Wild Horse Protection Fund have been approved, but no funds were received in fiscal year 2017.

**Special License Plates
Intended Recipient and Use of Funds**

License Plate	Intended Recipient / Use of Funds
Animal Appreciation	Distributed to counties for support of animal adoption and sterilization programs.
Atomic Testing	Preservation of the history of atomic testing in Nevada.
Boulder City Chamber of Commerce	Boulder City tourism, general advertising.
City of Reno	Maintain and improve city parks and recreation programs.
Desert Preserve	Support for the Desert Preserve established by Las Vegas Valley Water Authority.
Federal Lands Surrounding Las Vegas	Support preserving the federal lands surrounding Las Vegas, promoting community stewardship of those valuable resources, enriching visitors' experience and enhancing the quality of life of local residents.
Friends of Red Rock Canyon	Support for Red Rock Canyon National Conservation Area in southern Nevada.
Future Farmers of America	Support for programs and activities of the Future Farmers of America.
Great Reno Balloon Race	Support the Great Reno Balloon Race and continue local partnerships.
Horse Power	Provide aid to those who care for wild horses, burros, or mustang mules.
Hot August Nights	Provide necessities and other gifts to children in need, and scholarship programs.
Immigrant Workers Citizenship Project	Programs and charitable activities in support of naturalized citizenship.
Las Vegas Commemorative	Projects related to the commemoration of the history of Las Vegas, including restoration of historic buildings.
March of Dimes	Support health care programs for pregnant women and children in Nevada.
Mount Charleston	Provide support of programs for the natural environment of Mount Charleston area.
Nevada Bighorns Unlimited	Support the preservation and expansion of wildlife populations and their habitat in the State of Nevada.
Nevada Carpenters Union	Provide programs and services for people with intellectual disabilities.
Nevada Ducks Unlimited	Support for the conservation of wetlands within Nevada.
Nevada Health Centers/ Susan G. Komen	Provide mammograms to uninsured women and those who do not have such screening nearby.
Nevada Library Association	Support summer reading programs and scholarships for Nevadans to become librarians.
Nevada Wildlife Record Book	Establish an Interactive Interpretive Center and other wildlife projects.
Professional Firefighters	Charitable endeavors to benefit firefighters and their families or members of the community.
Pyramid Lake Paiute Tribe	Support of preservation and restoration of natural environment of Lower Truckee River and Lake Pyramid.
Reno Air Races	Perpetuate the spirit of air racing and aviation through education and preservation.
Search and Rescue	Honor search and rescue volunteers.
Support of Rodeos: Reno Rodeo Foundation	Community grants and a scholarship program for rural students to attend the University of Nevada, Reno.
NV High School Rodeo Assoc.	Support and promote the sport of high school rodeo.
Teamsters Local Union No. 631	Support the United Labor Agency of Nevada.
University Medical Center Foundation	Support the development of a multiorgan transplantation service.
Virginia & Truckee Railroad	Support of the reconstruction, maintenance, improvement, and promotion of Virginia & Truckee Railroad.