



## POLICY ON DISBURSEMENT OF FOUNDATION FUNDS

### PURPOSE

Montana State University Foundation, Inc., hereinafter the “Foundation,” is the central fundraising organization that promotes, accepts, and manages private gifts given for the benefit of Montana State University, hereinafter the “University”. Overseen by an independent board of directors and managed by a professional staff, the Foundation administers gifts in accordance with donors’ wishes and in accordance with the fiduciary responsibility inherent in the acceptance of gift funds.

The Foundation recognizes the importance of private gifts to enhance and provide extramural support to the University. Additionally, the Foundation recognizes that the colleges, departments and programs of the University have varied needs and priorities for the uses of private gifts. This policy is designed to provide flexibility while at the same time ensuring the Foundation honors its obligations to its donors, fulfills its fiduciary responsibilities, and maintains the integrity of its tax-exempt status.

Charitable organizations need to be a bastion of integrity and candor. Misrepresentations are inappropriate and unethical. The Foundation and University must operate on the basis of mutual trust with the public and donors. Donors look to the Foundation and University as people of honesty and trust who will manage funds entrusted to them with prudence.

### DEFINITION OF GIFTS

#### Restricted Gifts

For the purpose of this policy, “restricted gifts” are defined as those gifts, which carry specific use restrictions, imposed by the donor. Thus gifts which are given to a specific college, department, program or purpose at the University are classified as “restricted gifts” even though the gift may be for the general or “unrestricted” use of the specified college or department. Restricted gifts and the net earnings therefrom will be expended according to the terms of applicable gift agreements and in accordance with this policy. The Foundation is responsible for defining donor restrictions before the gift is received and to ensure that the donor’s intent for which the funds are to be spent is honored. Donors’ documented restrictions will take precedence over the guidelines for disbursement of funds outlined below.

#### Unrestricted Gifts

For the purpose of this policy, “unrestricted gifts” are defined as gifts received by the Foundation without specific donor stipulations with regard to use. Expenditures allowed from this category of gifts will be limited by applicable laws, regulations, and by this policy.

## EXPENDITURE AUTHORIZATION

All existing Foundation internal controls will apply to disbursements made from gift funds. Requests must be submitted on the Foundation's Disbursement Voucher and original receipts or appropriate expenditure documentation must be attached. The form must be approved (original signature) by the authorized University representative(s) per the terms of the account agreement.

### Direct Payments

Completed Foundation Disbursement Voucher which includes:

1. Payee's name, address and tax identification number (if for honoraria, contracted services)
2. Account number(s) to be charged
3. Description of the business purpose of the expense
4. List of attendees if for entertainment and the business purpose of entertainment
5. Authorized signature
  - a. Must be original signatures of the University official responsible for the account
  - b. Reimbursement authorization benefiting the account holder must be co-signed by the next most senior administrator in the unit.

### MSU Account Reimbursement Request

Completed Foundation Disbursement Voucher which includes:

1. Account number(s) to be charged
2. Description of the business purpose of the expense

A copy of the vendor's invoice accompanied by a University report showing payment of the state expense to be reimbursed in order to verify that the payment was made and that reimbursement from Foundation funds is appropriate.

## POLICY

### GUIDELINES FOR DISBURSEMENT OF FUNDS

All gift funds given to the Foundation for the benefit of the University will be used in fulfilling the University's mission of education, research, and public service. Because donor confidence in the way the University and the Foundation expend these gifts is critical to receiving additional support, each of us must be sensitive and alert to expenditures that may be perceived as not meeting the tests of public scrutiny as to appropriateness. Such tests shall include:

- Does the expenditure meet the restrictions imposed by the donor?
- Does the expenditure enhance the programs, image, and community status of University and/or the Foundation?
- Does the expenditure have a potentially negative public opinion impact on University and/or the Foundation?
- If there is a potentially negative impact, do the benefits far outweigh the potentially negative consequences?

## PROCEDURES

### GENERAL EXPENDITURE CATEGORIES

In order to provide constructive guidance to University and Foundation faculty, staff and administration, following are various general expenditure categories and descriptions of what is and is not allowable in those categories. While this list encompasses the majority of expenditures from the Foundation funds, it is by no means an all inclusive list of all expenses paid. In all cases, prudent judgment must be followed by those who are charged with the responsibility of administering and authorizing expenditures from their respective Foundation funds.

#### Travel

In general, all reasonable and necessary travel expenses for transportation, meals, lodging, and other related incidental costs are reimbursable when incurred in the conduct of University and/or Foundation business. All expenditure requests must be accompanied by original receipts or other appropriate supporting documentation.

Combined Business/Personal Travel: If a business trip is extended for personal reasons or additional costs are incurred which are solely for personal use either by the employee or anyone else traveling with them, any increased or additional costs must be split out so that only the business-related expenses are submitted for payment.

Meals: Meals are reimbursed at the state of Montana per diem rate unless travel occurs in an identified high cost city whereby the Federal per diem rate may be used. However, if the meal expense is for hosting an outside guest (donor, prospective donor, board member, etc.) of the University and/or Foundation, the actual cost of the meal will be paid or reimbursed.

Lodging: The actual costs for reasonable and customary overnight lodging costs are reimbursable.

Spousal Travel: Expenditures for a spouse's travel are not allowed. An exception is made for the University President's spouse in situations where attendance is deemed appropriate and necessary for fulfilling the requirements of the position.

#### Entertainment/Hosting

In general, all reasonable and necessary entertainment expenses are allowable when related to entertaining donors, prospective donors, prospective employees, or other guests of the University and/or Foundation if directly related to or associated with the active conduct of the Foundation or University business. To qualify under the "directly related to or associated with" requirement, business must be conducted before, during or after the entertainment and external guests as described above must be the primary reason for the entertainment. Expenses may include meals, beverages, and athletic or other social event tickets. In all cases, a reasonable number of University and/or Foundation staff should accompany the guest(s) entertained.

Spousal Meals: Expenditures for spousal meals are not allowed unless by including the spouse it furthers the goal of building relationships and is incurred in the conduct of official University or Foundation business. No reimbursement will be paid if the expense is primarily for personal or social reasons.

Example: You must entertain a donor or visiting faculty member. The guest's spouse joins you because it is impractical to entertain without including the spouse. The guest's spouse is allowable because it is an ordinary and necessary business expense. If your spouse joins the party because the guest's spouse is present, the cost of the entertainment for your spouse is also an ordinary and necessary business expense.

Meals for University/Foundation Employees: Expenditures for restaurant meals and/or beverages in a local setting with only University and/or Foundation employees in attendance are not allowable.

## **Employee Social Functions/Retreats**

### Social Functions

Employee functions must be organized for a specific Foundation or University-related business purpose. A legitimate purpose may be to recognize group work performance or to improve employee morale. Foundation funds may be used for one social function per year per Department. The amount for food/beverages may not exceed a cost of \$25 per employee. Additional costs must be paid from non-Foundation sources.

### Retirement Functions

A modest retirement celebration costing no more than \$300 may be paid if held for employee(s) retiring from service at Montana State University. This does not include a party for an individual who is simply leaving for other employment. Costs exceeding the \$300 allowance must be paid from non-Foundation sources.

### Retreats

1. Employee retreats must be organized for a specific Foundation or University-related business purpose. Attendance must be required and a written meeting agenda prepared and submitted with expenditure request.
2. Foundation funds may be used for one retreat per year per Department. Expenses may be made for payments to hotel/restaurants for meeting rooms or facility use, for actual food and beverages consumed, and for catering and gratuities.

## **Student Scholarships/Awards**

These payments shall be made through the Business Office of MSU and coordinated with the MSU Financial Aid Office to assure that a student's eligibility for financial aid is not jeopardized. The only exception for paying a student directly from Foundation funds is for a student who was selected for an award during their final term with the University and payment does not occur until after the student has graduated. In these situations, Foundation will pay the student directly and issue a Form 1099 for the amount of the award.

### **Faculty/Staff Awards**

Awards made in recognition of superior performance by faculty/staff through University programs are allowable if the restricted funds have been purposely designated by the donor. Such award must be made by a clearly defined selection process.

### **Flowers/Gifts/Tokens of Appreciation**

Flowers and gifts costing nominal amounts may be purchased for donors, prospective donors, volunteers, or other supporters of the University. All such expenditures must be limited by the principle of furthering the mission of the University and must be given in the name of the University.

Gifts costing no more than \$250 may be purchased for employees of University or Foundation, but are restricted to the occasion of an employee's retirement from service. This does not include a gift for an individual who is simply leaving for other employment. Costs exceeding the \$250 allowance must be paid from non-Foundation sources.

Flowers costing no more than \$75 may be purchased for a death in the immediate family of an employee. All other personal flower expenses are not allowed.

### **Memberships**

Institutional membership dues for departments, colleges, and MSU are allowed. Individual professional memberships are allowable only if the membership is clearly related to or a requirement of one's position at the University or Foundation and if a benefit is derived by either of the organizations as a result of that membership or attendance. Only one individual professional membership per year is allowable.

Country club, travel club, or service club dues are allowable only if deemed crucial in accomplishing that person's duties for the University or Foundation. Only the basic monthly membership dues will be paid or reimbursed; all other incidental fees and minimum meal charges will be the responsibility of the membership holder. These memberships will be reviewed on a case-by-case basis with recommendations from the President of the University.

### **Salaries/Wage Payments to employees of University**

No direct payment of salaries or wages will be made to faculty, staff, students, and/or other full or part-time employees of the University. Such payment to employees will be processed through the University payroll office.

### **Honoraria, Consulting Fees, and Contracted Services**

Payment of an honorarium, consulting fee, or contract for services is allowable provided the individual receiving the payment is not an employee of the University or Foundation. Payments to eligible individuals represent taxable income and requests must include payee's name, tax identification number, address, and a description of the nature and purpose of the expense. If the payment is for a non U.S. citizen, the payment must be made through the University and subsequently reimbursed to the appropriate MSU account. This is because of the special IRS Regulations that apply for these payments.

### **Equipment Purchases**

Equipment should be purchased through the University purchasing system whenever possible. This ensures that the University has an immediate record for asset management and insurance coverage. The Foundation will reimburse a University account upon presentation of purchase documentation. In the circumstance where capital equipment must be purchased directly through the Foundation, the title will be transferred to the University at the time of purchase.

### **Cell Phones, Home Internet Connections**

Reimbursements are allowable for charges incurred for documented business uses of cell phones. Cells phones must be registered under the name of individual – not in the name of the department, college, or University. When requesting reimbursement for a cell phone bill, the business calls made during the billing period must be clearly indicated. The reimbursement will be made for only the business portion of the bill. Home internet connections are allowable if deemed crucial for performing one's duties for the University or the Foundation.

### **Charitable Contributions**

Payments may not be made for charitable contributions to entities or individuals external to the University.

### **Loans**

Loans to any individual will not be allowed unless from gift funds donated for the specific purpose of establishing a loan fund.

### **Fines for Parking or Traffic Violations**

Fines for parking or traffic violations or for any other illegal actions are not allowable.

### **Unusual Expenditures**

Proposed uses of Foundation funds not related to any of the above categories, or relating to *unusual circumstances*, must be approved with the Executive Director of the Foundation before incurring the expense.