FOUNDATION EXPENSE POLICY AND CONTROL GUIDELINES

I. Purpose

Provide sound business practices to University personnel regarding Foundation funds.

II. Policy Statement

Georgia Southern University Cooperative Organizations (Foundations) exist to support Georgia Southern University (University) in its endeavors by raising, investing, and distributing private dollars needed for funding programs, projects, scholarships, equipment, and buildings that serve the students and mission of the institution. Private philanthropic support depends, in part, on the confidence donors possess in the Foundation’s commitment to the sound fiduciary management of funds.

Expenses must be both reasonable in amount and necessary to the support of the mission of the University. Expenses should be paid from the University using state funding to the maximum extent permitted under the University System of Georgia (USG) Rules and Regulations. Those requesting payment of funds from the Foundation should consider that funds are from contributions allocated by donors and expense requests are subject to public scrutiny and audit.

While Foundation funds allow for additional flexibility, expenses allowable under State rules and regulations are processed through the University in order to avoid the appearance of circumventing procurement controls.

To be in compliance with the Internal Revenue Code (IRS) and Articles of Incorporations for the Foundations, the Foundations, and any individual funds therein, must be organized and operated exclusively for the benefit of the University with no part of their net earnings benefitting private individuals.

III. Exclusions

None.
IV. Categorization of Expenses

In general, Foundation expenses will be classified into categories of Scholarship and Student Support, Support and Reimbursement of University Employees, or Expenses Related to University Business and Entertainment. The following guidelines apply:

SCHOLARSHIP AND STUDENT SUPPORT

Scholarships
Foundation scholarships are administered through the offices of Donor Relations and Financial Aid. Funds are disbursed through Financial Aid, which bills the Foundations late in the fall, spring, and summer. The Donor Relations Office prepares the Cooperative Organizations Check Request Form for payment to the University. Distributions are made from individual endowments or other Foundation accounts when the bill is paid.

Student Awards (Other than Scholarship)
Foundation sponsored awards, prizes, and tokens of recognition for students (not student employees) are allowable expenditures if closely coordinated with the sponsoring department and approved by the Foundation Advisory Committee or University’s President. Payment requests should be submitted timely to the Foundations in order to be processed before the academic period ends. Cash awards for academic excellence and achievement must be processed through Student Accounts. The Foundations will not pay funds directly to students.

Student Compensation
Student compensation should be paid by the University through Payroll. Foundation accounts can be used to reimburse the University per the process directed by Financial Accounting.

Student Travel
Expenses associated with students traveling on behalf of or representing the University must adhere to USG guidelines and be processed through the University. If the travel is funded by the Foundations, reimbursement will be made to the University.

Student Meals
Expenses associated with food provided to students are governed by USG guidelines (Business Procedures Manual (BPM) 19.8.1) and should be processed through the University. A copy of the documentation submitted to the University should accompany the check request.

SUPPORT AND REIMBURSEMENT OF UNIVERSITY EMPLOYEES

Faculty, staff, and student employees of the University are subject to USG rules and regulations with respect to expense reimbursements and other financial support. The following general principles apply in judging the appropriateness of expense reimbursements:

- Expenses must be both reasonable in amount and have a business purpose that directly benefits and supports the mission of the University and the appropriate college, school, or department requesting payment or reimbursement.

- Employees should initially seek reimbursement from the University using state funding to the maximum extent permitted under USG Rules and Regulations. Thereafter, a check request
should be submitted to the appropriate Foundation through the approved process for reimbursement of expenses.

- Requests for reimbursement from the Foundations are funded by donors and investment earnings. Expense requests are subject to audit by the USG and public scrutiny. Expense requests must be properly documented, reasonable in scope, related to University business, and comply with the donor's intent for use of the funds.

Faculty/Staff Compensation and Fringe Benefits
The Foundations will not make payments to University employees (including student workers) or members of their immediate family for salaries, stipends, or gifts of services. Expenditures viewed as having a personal benefit to an individual, and therefore not benefiting the University directly, are not considered allowable expenses from the Foundations. If it is determined a University employee will derive personal benefit, thus considered compensation, payment should be made by and through the University with reimbursement from the Foundations.

If funding is provided through non-scholarship endowments, the Donor Relations Office must approve prior to payment in order to ascertain spending is within the amounts allocated and is consistent with donor intent.

Clothing expenses and allowances are taxable fringe benefits unless an exclusion applies according to the (IRS). As outlined in the USG guidelines (BPM 5.3.17.1.1), these consist of the Working Condition or De Minimis fringe exclusions.

Gifts, Prizes, Awards to Employees
Foundations may not purchase gifts or other gratuities for University faculty, staff, and student employees. The IRS considers prizes, awards, and gift cards or gift certificates as compensation, thus are not allowable expenses for Foundations.

Promotional items of De Minimis value (suggested limit is $25 per item) may be given infrequently to encourage attendance at special events or meetings with a business purpose. The gift should either be given to all who attend or the recipient(s) should be chosen randomly, such as a door prize. (Note: expensive door prizes and cash equivalent items are considered taxable income and should be included in compensation; therefore are not allowable expenditures for the Foundations).

Faculty/Staff Travel Expenses
Employee travel expenses for mileage, lodging, and meal per-diems must adhere to University and USG travel policies and procedures and reimbursement must be processed through the University. If the travel is funded by the Foundations, reimbursement will be made to the University.

Faculty/Staff Meals
Per USG guidelines, group meals should be held only to facilitate the effective and efficient operations of departments involved. Meals for meetings should be provided only in instances where a meeting could not be scheduled without significantly impacting employees work schedules or because of the duration of the meeting. Meals may be provided in connection with the search process for University faculty or staff provided the meal is a part of the scheduled interview. The Foundation should only reimburse one meal per scheduled interview.

Faculty and staff meals should follow the guidelines outlined in BPM 19.7 Employee Group Meals and 19.8 Purchase of Food Using Institutional Funds.
**Professional Related Expenses**
Expenses related to acquiring and maintaining professional certifications or licenses (e.g. continuing education, license renewals, and course materials) are reimbursable expenses provided the certification/training is directly related to the day-to-day duties of the employee or beneficial to the department/college. Documentation for reimbursement must include receipts/registrations and direct supervisory approval.

Expenses related to professional memberships and dues for recognized industry professional organizations are reimbursable expenses provided the membership directly benefits the University through the employee or departments’ involvement. Memberships or dues to civic organizations are not deemed compensation and can be paid by the Foundation. Memberships or dues deemed purely social in nature are considered a taxable fringe benefit and are subject to compensation requirements.

**Other University Employee Expense Reimbursements**

**Appliances and Other Equipment**
Foundation funds may be used to purchase certain appliances to be used by employees, visitors, and/or students. Generally, these appliances (refrigerators, coffee makers, and microwaves) should be accessible to multiple people unless utilized specifically for laboratory or research purposes. Appliances purchased with Foundation funds will be gifted to the University and will be considered property of the University. Assets meeting certain criteria may be tagged and tracked by the University.

Other equipment, including computers and computer-related hardware and software, are considered assets of the University and must be purchased per University policies and procedures. Foundation funds may be used for these expenditures to reimburse the University.

**Coffee/Water/Soda/Snacks**
General expenses related to purchases of coffee, water, soda, and snacks are permissible provided their use is restricted for donors, guests, or meetings scheduled for legitimate business purposes. Personal consumption for everyday use is not allowed.

**EXPENSES RELATED TO UNIVERSITY BUSINESS AND ENTERTAINMENT**

Foundation funds may be used to pay vendors or reimburse individuals for expenses related to:

- University business
- University promotion or advocacy
- Donor recognition, appreciation, and cultivation of potential donors

**Meals with Individuals External to the University**
Meals involving individuals external to the University are allowed for the purpose of conducting business related to University matters, entertaining and cultivating donors of the University, and entertaining significant relationships for the benefit of the University. The cost of the meal (suggested limit is $100 per person) should be determined by the type, place, and business purpose of event being hosted. The purchase of alcoholic beverages is allowed only while hosting meals that include external guest(s) while conducting official University business. Other alcohol-related expenditures
are not an allowable expense. Allowable alcohol purchases should be justifiable and kept to a reasonable amount. *(Please see form specific to requests for reimbursement of University related Business or Entertainment on the Foundation Accounting website. The form and requested information must accompany the Check Request form.)*

**Donor Gifts and Event Tickets**

Gifts to donors or potential donors are allowable as long as they are personal in nature. Plaques, flowers, and holiday cards are permitted. Gift cards and cash are not considered personal and therefore are not allowable. The cost of gifts to a donor must be less than IRS rules regarding insubstantial benefits.

Donor tickets to University events are allowable; however, the business purpose and use should be documented. The Cooperative Organizations Certification for Business Use of Event Tickets (available on the Foundation Accounting website) should be completed in its entirety following the event and submitted to Foundation Accounting. Foundation funds may not be used to purchase tickets and/or suites to athletic events, concerts, or student performances for personal use. Tickets purchased or payments made on behalf of friends of family members who do not qualify as a business relationship, will be considered a taxable fringe benefit to the employee and reported to the University’s payroll department. Employees, or their families, may not receive gifts as donors.

**Travel for Individuals External to the University**

Expenses associated with travel for non-University employees who provide professional services (e.g. contractors, consultants, honorariums, etc.) or other University-related business are reimbursable directly to the individual. Appropriate documentation substantiating the business purpose of the expense, a copy of the contract executed with the University or Foundation, and a copy of the IRS W-9 form must accompany the reimbursement request.

**Sponsorships**

Foundation accounts may be used to participate in sponsorships for external, community-oriented, or business-related events. Organizations in an established partnership or cooperative affiliation with the University may also qualify for sponsorships provided the relationship benefits or enhances the mission or image of the University. Approved sponsorships include memberships to area chambers of commerce. Contributions are not allowed to organizations that are not associated with the performance of services to or for a University program.

** Contracts, Agreements, & Consultants**

Service-related and non-employee payments to external vendors performing professional services (e.g. contractors, consultants, honorariums, etc.) are considered third-party payments. These payments may require a service contract or signed agreement. To the extent possible, the contracts/agreements should be with the University with reimbursement from the Foundation to the University. Other contracts/agreements must list the specific services, amounts, and allowable contingencies. They must be reviewed by the University’s Office of Legal Affairs, approved by the appropriate University administrator, and submitted to Foundation Accounting prior to execution. A copy of an IRS W-9 must also be submitted prior to any services rendered.

Payments to third-party vendors may not be paid in advance of service(s) performed unless the contract stipulates a remittance of a deposit. Final payment cannot be disbursed until services have been rendered, inspected and signed-off as completed, and approved for payment by the University’s authorized approver.
Foundation Advisory Committee
A committee consisting of the Vice President for University Advancement and External Affairs, the Vice President for Business and Finance, Provost and Vice President for Academic Affairs, Executive Counsel, Chief Auditor and Executive Director of the Athletic Foundation will review and approve requests for expenditures from Foundations subject to interpretation of the Foundation Expense Policy and Control Guidelines. If the Committee agrees that the potential benefit of said event merits the expenditure, approval will be conveyed to Foundation Accounting.

Events involving donors or university related business purpose exceeding, or that may exceed, the suggested limits for expenditures should be presented to the Committee in advance for approval.

Faculty and staff leadership requests that do not meet the requirements of Professional Related Expenses should be referred to the Committee to determine if the training should be made available to University employees. Discretionary funds will be allocated to provide for this training for approved employees.

Requests for retirement/farewell receptions should be referred to the Committee in advance for approval.

The Committee may advise on other issues/concerns to ensure the use of funds are consistent with supporting the University’s goals.

V. Procedures

Processing Check Requests
Requests for reimbursement should be submitted within 30 days of the expenditure. A Cooperative Organization Check Request Form (available on Foundation Accounting website) must be completed and submitted to Foundation Accounting. Requests and checks will be processed and produced in a timely manner. Checks will be mailed to the vendor, unless otherwise specified.

Check requests must include the correct account (project) number. If the account number is not known, please refer to the Giving Opportunities listed on the University’s Foundation website or contact Foundation Accounting at foundationaccounting@georgiasouthern.edu.

Documentation for expenses must include the original invoice, bill, or itemized receipt. If proper documentation is not given, the request will not be processed.

Check requests require two signatures. One of the required signatures must be the Dean, Provost, Vice President or President.

The Foundations are not exempt from Georgia sales/use tax. Invoices and receipts should include applicable sales tax required by the Georgia Department of Revenue.

The Foundations require an IRS W-9 form for vendors and individuals who are non-University employees when payment is requested. This is to ensure proper vendor identification and federal income tax reporting (Form 1099). The form must include the vendor’s name, address, and social security number or federal identification number.
Reissuance of Checks
If a check is stale dated (past the 90 days from the date of issuance) and is no longer honored by the bank, a check request from the department must be submitted along with the original check and explanation for reissuance.

If a check has been misplaced or was not received, a check request from the department along with an explanation is required.

Checks that are outstanding for 180 days from the date of issuance will be cancelled and are no longer valid. New documentation will be required for reissuance.