POLICY ON DISBURSEMENT OF FOUNDATION FUNDS

PURPOSE

Montana State University Foundation, Inc., d.b.a. Montana State University Alumni Foundation 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 governors 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 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 thereon 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, itemized receipts or appropriate expenditure documentation must be attached. The form must be approved (original signature or verified electronic alternative) by the authorized representative(s) per the terms of the fund agreement. Additional requirements for the two disbursement categories are outlined below.

Direct Payment to Vendors & Staff
Completed Foundation Disbursement Voucher which includes:
1. Payee’s name & address
2. Fund and Account number(s) to be charged
3. Description of the business purpose of the expense
4. List of attendees if for entertainment
5. IRS form W-9 if for honoraria or contracted services
6. Authorized signature
   a. Must be original signatures of the person responsible for the fund or a verified electronic alternative
   b. Reimbursement authorization benefiting the designated authority must be co-signed by the next most senior administrator in the unit

Note: No direct payments will be made to University employees unless it is a reimbursement (per Board of Regents Policy).

MSU Index Reimbursement Request
Completed Foundation Disbursement Voucher which includes:
1. MSU Index number to be paid
2. Fund and Account number(s) to be charged
3. A University report (Banner Operating Ledger Transactions Report) showing payment of the expense to be reimbursed.
4. Description of the business purpose of the expense
5. List of attendees if for entertainment
6. Authorized signature
   a. Must be original signatures of the University official responsible for the fund or a verified electronic alternative
7. Completed Cash Receipt for direct deposit with MSU

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 the University and/or the Foundation?
- Does the expenditure have a potentially negative public opinion impact on the University and/or the Foundation?
- If there is a potentially negative impact, do the benefits far outweigh the potentially negative consequences?

ALLOWABLE EXPENSES & REIMBURSEMENTS
In order to provide constructive guidance to University and Foundation faculty, staff, and administration, the 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, itemized receipts or other appropriate supporting documentation.

Reimbursement will be made using the travel reimbursement voucher for prepaid, non-refundable services (such as airline tickets) upon purchase. The full itinerary and receipt must be attached to the travel voucher. Prepaid, refundable expenses are reimbursed after the service has been rendered unless the credit card bill is due prior to service being rendered.

Meals:
- MSU Employee meals are reimbursed in accordance with state of Montana policy. (see MSU Business Procedures Manual Section 550.20)
- Foundation employees on overnight travel status will be reimbursed for their personal meals using the per diem method based on Federal GSA Rates (www.gsa.gov). If meals are provided at no cost in conjunction with events, registration, or lodging, no per diem shall be paid for the applicable meal.
- An employee in travel status not involving an overnight stay will not be paid per diem. However, an employee with limited meal options and time constraints due to work obligations is eligible for reimbursement of actual meal costs. Business meals while on day travel are eligible for reimbursement. The business relationship of any person(s) being entertained must be stated.
- Meals for hosting an outside guest (donor, prospective donor, board member, etc.) of the University and/or Foundation will be reimbursed at the actual cost provided it is reasonable and appropriate.
Lodging: The actual costs for reasonable and customary overnight lodging are reimbursable.

Airfare: The actual costs for reasonable airfare are reimbursable. Airfare charges must be at coach rates, no first class airfare charges are permitted.

Travel by Car:
- Rental Cars - Travelers will be reimbursed for reasonable costs for the rental car including insurance as well as actual fuel charges. Foundation employees with a corporate credit card are required to pay for rentals with this card and decline the Collision Damage Waiver (CDW).
- Personal Vehicles - Travelers will be reimbursed based on Federal Rates for privately owned vehicles used for business purposes. MSU employees must follow the MSU policy on use of privately owned vehicles and follow reimbursement per the business procedures manual. Note that liability and collision costs remain with the vehicle owner.
  - Mileage may be claimed when personal vehicles are used for business purposes such as traveling to the bank, to stores for supplies, and to events at which you are required to work. Appropriate documentation of date, miles, and purpose must be provided for reimbursement.

Parking/Taxi/Shuttle/Tolls: Travelers should submit original, itemized receipts for parking, taxi, shuttle, and toll charges to be reimbursed. If receipts are unavailable, proper documentation must be provided (payee, date, location, purpose).

Business Phone Calls, Faxes and Internet Charges: Appropriate business costs incurred while traveling will be reimbursed. The business purpose, name of parties involved and points between which the calls are made must be documented.

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 properly split out so that only the business-related expenses are submitted for reimbursement. Documentation justifying the split out of expenses is the responsibility of the traveler. Lack of justification may delay reimbursement and may decrease the amount reimbursed.

Weekend travel expenses are not eligible for reimbursement unless business meetings or events occur on a weekend or travel is required on the weekend as a result of returning from a Friday meeting or traveling to a Monday meeting.

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. Meals or travel expenses for spouses or family will be forwarded to Payroll for W-2 consideration, as the IRS generally considers such reimbursements to be taxable income to the employee.

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.

When incurring expense and two (2) or more staff members are present, the most senior staff member present is required to pay the charge and seek reimbursement.

**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. Exception – a supervisor may have a one-on-one lunch with a new employee as part of orientation.

**Meeting Refreshments:** Expenditures for donuts, snacks, and beverages with only University and/or Foundation employees in attendance (10 or more) are allowable up to $50, provided the meeting is not a regularly recurring meeting. Examples of qualified meetings include periodic all staff updates, professional training opportunities, and special business related instances.

**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.

**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 College/Unit. 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 the 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**
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.

1. Colleges/Units are allowed one retreat per year. Allowable expenses may include meeting room or facility use costs, actual food and beverages consumed or catering, and gratuities.
2. Each Department/Office may provide refreshments (including lunch fare) not to exceed $100 for one annual strategy meeting/retreat.

**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. The award must be paid through MSU payroll and reimbursement requested from the Foundation. No payments will be made directly to MSU personnel.

**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. Gifts to University or Foundation employees are treated as taxable benefits but generally should not be paid from Foundation funds. 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 or Foundation. Pre-purchased, pre-approved gifts should be used whenever possible.

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 or Foundation. Memberships are a taxable benefit and will be taxed on employee payroll.

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

Salaries and related benefits for University employees must be processed through the University payroll office and reimbursement requested from the Foundation. No direct payment of salaries or wages will be made to faculty, staff, students, or other full or part-time employees of the University.
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 (on a W-9), 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 University index.

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 fund 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. Cell 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.

In cases where an allowance is paid for individual cell phones, the allowance must be made through payroll. A University index may request reimbursement for this benefit as appropriate.

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 by the President & CEO of the Foundation before incurring the expense.