GUIDELINES FOR ESTABLISHING FOUNDATION ACCOUNTS AND DISBURSING FUNDS

(Rescinded from policy status and established as operational procedure on 6.12.12 requiring annual review by the Finance committee.)

The purpose of these guidelines is to provide an orderly and transparent process for setting up fund accounts, and monitoring expenditures from those accounts them according to procedures determined by the Board of Directors of the Foundation.

ESTABLISHING FUNDS

To establish fund accounts within the Foundation, the following procedure is to be used.

A. The University, including all academic and administrative departments and programs, desiring to establish a fund within the Foundation must complete a Memorandum of Understanding or “Establishment of Funds” form indicating the purpose, source, amount, and uses of the account and present it for approval to the Executive Director of the Foundation, hereinafter referred to as the “Executive Director.” A minimum of $5,000 shall be required for the establishment of a restricted account. Endowment accounts may be established with reasonable expectation of attaining a $25,000 balance. Account minimums are from noted date above. Existing accounts and balance requirements are grandfathered.

B. The Executive Director will review this request to ensure the account falls within the guidelines of the Foundation.

C. If approval is granted, the fiscal officer of the Foundation will issue an account number and ascertain to which fund category the account should be assigned.

D. Once the account is established, it will be managed according to the procedures established by the Foundation.

ACCOUNT CATEGORIES

All accounts maintained through the Eastern Washington University Foundation are intended to provide basic support to help meet high priority needs and opportunities for which state funds are not available or cannot be used.

Foundation accounts fall into four categories: “Restricted”, “Discretionary”, “Endowment”, and “Trusts.”
A. **Restricted Accounts**

“Restricted accounts” are so named because the use of funds within these accounts is “restricted” according to the stipulations made by the donor in a “Memorandum of Understanding” or other appropriate gift document. In the absence of a “Memorandum of Understanding”, the restrictions shall be determined by the existing documents pertinent to the account. Funds withdrawn from these accounts must conform to the specifications made by the donor.

B. **Discretionary Accounts**

The University in general, and the colleges, administrative units, and programs in particular, receive certain kinds of unrestricted gifts for which the donor has not specified a particular use, or has specified a broad and undefined use. Such accounts may be used for a broad array of purposes, usually for purposes where state-appropriated and other public funds may not be used. However, **discretionary funds shall be used only for purposes which directly benefit the University in the pursuit of its mission and goals.**

In all cases, the expenditure of these funds is subject to the limitation defined later in these guidelines. At EWU, these discretionary funds may be identified by such names as “President’s Discretionary Fund”, “Dean’s/Director’s Funds”, “Excellence Funds”, or “Development Funds.” Such discretionary accounts may be established only at the following levels: President, provost, vice president, dean/director, or department chair.

Discretionary accounts are subject to periodic review by the Executive Committee of the Foundation.

C. **Endowment Accounts**

Endowment accounts are specifically designated funds in which the corpus of the fund is used to derive earnings for continuing support or maintenance; only earnings (or a certain portion thereof) will be made available for expenditures. Such accounts must have a minimum balance of $25,000. Funds established prior to June 22, 2007 policy revision date have grandfathered minimum balance amounts. Distribution of earnings is subject not only to the stipulations set forth in the “Memorandum of Understanding” governing the endowment, but also to the policies and procedures established by the Foundation. These accounts are subject to a management fee as established by the EWU Foundation Board of Directors.

D. **Trust Accounts**

Trust accounts are those funds specifically given to the Foundation as a trust and which are bound by legal agreement(s) of the trust. These funds are invested as outlined in the governing trust agreement(s).

**SOURCES OF FUNDS**
The Foundation receives funds from several sources some of which are listed below. (Revenues generated by university activities must be deposited with the EWU Cashier’s Office and cannot be deposited with the EWU Foundation.)

A. Gifts
    All gifts (both cash and non-cash) are subject to the IRS regulations governing charitable contributions and cannot be restricted by the donor for his/her direct benefit, and must conform to guidelines set forth in the Foundation’s Gift Acceptance Policy. The Executive Director with the Foundation’s legal counsel as required will review gifts to ensure compliance with all IRS regulations.

B. Revenue/Contract Service
    The Foundation, Alumni Association and Eagle Athletic Association as corporate business entities, may receive proceeds from the sale of goods or services of the organization, leases, contracted services, or property. These moneys will be obligated to specific accounts in the Foundation at the direction of the Board of Directors. Prior to holding an event which involves an auction or raffle you must meet with the Gift Processor or Director of Finance.

**INVESTMENT OF FUNDS**

All funds shall be invested by the Executive Director as directed by the Investment Committee. Funds will be invested according to the investment policies of the Foundation as approved by the Board of Directors. Investment policies are available for review by the University, department, or program establishing a fund.

**ADMINISTRATIVE CONTROL**

All funds in Foundation accounts established by the University and/or by a particular department/program shall be retained by the EWU Foundation. Overall expenditure accountability for the administration of the fund is the responsibility of the vice president or dean requesting its establishment. All expenditures must be approved by the vice president, college dean or division head (or his/her authorized designee) responsible for administering the account before submittal to the Foundation for final approval. The responsibility for accurate preparation and proper documentation of disbursement request rests with the account administrator.

The account administrator is responsible for the disbursement of all moneys; All expenditures must be consistent with the purposes intended by the donor as stipulated in the “Memorandum of Understanding”. They must also be in compliance with the expenditure policies of the Foundation.

**PROCEDURE FOR THE WITHDRAWAL OF FUNDS**
All disbursements made must have written justification which will meet auditing purposes. The withdrawal of funds from any account must follow this procedure:

A. The department/administrative office requesting payment must submit a requisition/invoice voucher. The following is required with the invoice vouchers: (a) Signature of the authorized administrator of the account and reviewer/supervisor; (b) description of the expenditure; (c) vendor invoices (if applicable); (d) expense receipts; (e) all supporting documentation necessary to demonstrate that the expenditure meets Foundation guidelines and/or donor intent. This includes agenda, attendees and signatures of all attendees.

B. All requests must comply with Foundation guidelines. There may be times when it is uncertain whether a specific expenditure falls within the acceptable parameters of these guidelines. When there is uncertainty, it is recommended that the expenditure be discussed with the Foundation Office before committing to the expenditure, thus avoiding the possibility of having a reimbursement disallowed.

C. Foundation checks will be distributed as indicated on the request/invoice form and will be cut at a minimum two (2) times per month on the 1st and 15th of the month. To allow better service, the Foundation cut off for processing is typically Thursday afternoon and checks are cut Friday or Monday.

CONTROL OF EQUIPMENT

A. Assignment of equipment. Equipment purchased with Foundation funds will be assigned to the requesting department until such time as the equipment becomes excess to department needs, obsolete, or considered of limited value beyond reasonable repair.

B. Tagging and placing equipment in inventory. All equipment purchased from Foundation funds will be transferred to the University to be inventoried and tagged as part of the University’s inventory system. Originating documents (requisition/invoice vouchers or gift-in-kinds agreements) will be forwarded to University Inventory Control to affect this transfer.

GUIDELINES FOR THE EXPENDITURE OF FOUNDATION FUNDS

The general guiding principle governing the expenditure from Foundation accounts is that all expenditures must specifically benefit individual university departments or colleges, benefit EWU in the fulfillment of one or more of the University’s stated objectives, or benefit students.

These guidelines enable the Foundation to ensure that disbursements meet these four requirements: (1) Adhering to the legal requirements for the EWU Foundation as a 501(c)(3) corporation; (2) maintaining the highest ethical standards in all expenditures; and (3) conforming to the stipulation or restrictions made by the donor as included in the
Memorandum of Understanding or other appropriate document; and (4) meeting the tests of public examination as to appropriateness. Such tests include:

1. Does the expenditure meet the restrictions imposed by the donor?
2. Does the expenditure enhance the programs, image, and community status of EWU?
3. Does the expenditure have a potentially negative public opinion impact on EWU?
4. If there is a potentially negative impact, it is sufficiently balanced against the benefits that would accrue to the university, i.e., do the benefits far outweigh the potentially negative results?

A. ALLOWABLE EXPENDITURES

As a general principle, all expenditure must be related to official university-sponsored events, functions or programs, or must provide a distinct benefit to the University. An official university sponsored event or function must support one or more of the university program objectives and must carry the approval of university leadership (i.e. the president, provost, vice president, or dean).

The following list of allowable expenditure is a good beginning, but is not to be considered all-inclusive. Such allowable expenditures include the following:

1. All purposes consistent with the guidelines contained in the Memorandum of Understanding or other gift document, subject to appropriate compliance with all applicable portions of the Internal Revenue Code.

2. All purposes consistent with the guidelines for which the State of Washington public money or federal money may be spent.

3. Student Financial aid
   a. Scholarships and fellowships
   b. Financial assistance to students engaged in special projects and programs where university funds are not available.
   c. Payment for work as part of a project being done by student labor in an academic department or other university program.

4. General university programs and projects such as (excluding food):
   a. Seminars, workshops, symposia, planning retreats, and other similar programs involving student/faculty/staff
   b. Supplemental educational materials
   c. Equipment and publications
   d. General program and supplies and materials.
   e. Faculty development through endowed chairs, named professorships or restricted support.
   f. Capital construction projects through various coordinated campaigns.
   g. Research and other special projects.
h. Magazine (and other) subscriptions, if they are directly related to departmental teaching, research, and/or public service activities. In such cases, the subscriptions must be mailed to a university department, office, or library.

5. Expenses of admissions for employees to attend a business function when such attendance is deemed mandatory by the University or the Foundation.

6. Travel expenses for faculty/staff must be approved by the Dean/Vice President. Foundation funds should only be utilized for travel if there are not state funds available for use. Such travel expenses would be used for such purposes as meeting with donors, potential donors, prospective employees and prospective students, or engaging in University business. All travel expenditures are subject to review by the Finance Committee of the Foundation. The following outlines the process when the EWU Foundation has authorized or awarded funding for travel:

a. All travel should be documented using the EWU travel authorization form and approved by relevant authorities, including EWU Foundation (HAR 102), prior to the planned trip. The completed form would then be routed to Travel Accounting (SHW 319), per usual.

b. Any airfare, auto rental, conference registrations, or other travel items should be procured as if funding were within your department.

c. Once the trip has been completed, retain a copy of all receipts, and route all original documents and the finalized travel authorization to Travel Accounting. We will look through to ensure state compliance and post expenses to Banner.

d. After expenses are posted – submit an invoice to the Foundation with copies of the travel documents and receipts. The invoice should provide the index and account code/s to be credited. If not the budget authority will be contacted.

e. EWU Foundation will send a check to Student Financial Services (SUT 202) to credit your account/s.

f. If not allowed by State or over maximum will need to include email or receipt from travel stating this.

7. Awards made in recognition of superior performance by employees or students through university programs when restricted funds have been designated for that specific purpose by the donor. Such awards must be made by a clearly defined selection process and must be approved in advance by the Executive Director of the Foundation.

8. Lodging, meals and transportation for non-university people included in official university-sponsored events; this includes major gift prospects, donors, and special individuals and organizations being cultivated for fundraising, as well as guest speakers and participants in special programs.
9. General expenses (meals, lodging, or other hosting costs) related to the interview process with prospective employees or meetings with prospective donors; only a limited number of employees may be reimbursed for such interviews and/or meetings.

10. Hospitality and hosting expenses incurred in the process of cultivating donors and/or prospects. This includes expenses in programs for the recognition of donors/prospects, hosting meals, special events, and travel.

11. Moving expenses that exceed the amount payable from state funds; this must be recommended by the appropriate vice president and dean, and approved by the Executive Director of the Foundation.

12. Catering and beverages expenses for official university-sponsored events.

13. Membership dues, licenses, certifications, and such expenses for membership which enhance an employee's ability to perform position duties; this expenditure must be approved ahead of time by the responsible supervisor, i.e., President, provost, vice president, dean, or director.

14. Departmental and/or institutional dues, memberships and publication costs may be paid from Foundation accounts. Payment and/or reimbursement of individual dues and social memberships are not normally allowable unless senior management (i.e., the President, Provost, Vice-President, or Deans) recommend and document in writing how funds will enhance the University through community relations and fundraising. The Executive Director of the Foundation is to monitor closely these expenditures and review them annually with the Executive Committee of the Board of Directors to ensure that participation in these activities has been beneficial to the University.

15. Financial support to an EWU-related organization or institute.

16. Honoraria and consulting fees which expressly would not constitute wages or other compensation for Federal or State purposes.

B. NON-ALLOWABLE EXPENDITURES

The following is a partial list of those expenditures specifically not allowed from Foundation funds; this list is not considered all-inclusive.

1. Expenses that do not meet the test of legal, ethical, or public perception of appropriateness.

2. Expenses without appropriate documentation or available account monies.

3. Expenses of a purely personal nature.

4. Personal gifts to non-employees of EWU, except in those instances where the gift is an integral part of the donor/donor prospect cultivation process, or where a gift is an
unspoken cultural expectation. For example, there is an expectation by certain Asian cultures that a gift exchange takes place as a good will gesture.

5. Food, beverages, or decorations for an unofficial event, e.g., an office-based party for birthdays, retirement, holidays, or anniversaries. This includes holiday decorations for general office space as well as for personal office space.

6. Gifts to faculty, staff, and or students (this includes birthdays, anniversaries, weddings, retirement and other special occasions of a personal nature). The only allowable exception would be bereavement and illness gifts to staff and their families made by the President’s office or authorized by the President’s office. When at all possible gifts for bereavement or illness should come from the President’s office. All departments should check with the President’s office before sending gifts for bereavement or illness so that multiple gifts are not sent using Foundation funds.

7. Charitable contributions to any individual, organization, or institution which is unrelated to Eastern Washington University.

8. Membership dues, licenses, or certifications, which are not directly related to the improvement of employees’ ability to perform the responsibilities of their jobs. For example, memberships in sports clubs, social clubs, or service clubs where there is no direct relationship to the functions of the job and no distinct benefit to the University.

9. Purchases of alcoholic beverages to be stored for future use.

10. Fines for parking or traffic infractions, or for any other illegal actions.

11. Loans or advances unless specifically allowed under the provisions of a “Memorandum of Understanding” and/or explicitly allowed by a donor for such purposes, providing that no funds are remitted to a direct or indirect member of the donor’s family.

12. Food for university employees or students, except in those occasional cases of planning retreats (three (3) or more hours in length with agenda submitted) or welcome back/new faculty orientation activities.

13. Direct payment of salaries or wages to faulty, staff, students, and/or other full or part-time employees of EWU is not allowable unless it relates to a specific authorized agreement between the Foundation and recipients for services outside normal work requirements. Such payment to employees normally will be processed through the University payroll office unless there is sufficient justification that the employee is operating as an independent contractor.


15. All federal and state government research contracts and supplemental grant applications must be processed through the Office of Sponsored Programs and Grants Management.
16. Expenditures of a personal or spousal nature. The IRS guidelines of “reasonable and necessary business expenses” are utilized in all cases for determination of appropriate disbursements.

17. Expenditures or purchases from fees and income from conferences conducted by University Departments, Programs, or Centers. Transactions must be made and/or procured through the University’s purchasing system.