

# **Eastern Oregon University Foundation Expenditure and Asset Management Policy**

**Adopted: 6/21/06**

**Revised: 1/19/2011**

**Adopted: 2/16/2011**

All expenditures, withdrawals, transfers, sale or other disposal of EOU Foundation assets shall conform to Oregon Administrative Rules, Generally Accepted Accounting Practices, and all other applicable EOU, State and Federal rules and regulations.

References to the EOU Foundation (Foundation) in this document refer to the EOU Foundation Trustees. The Trustees have adopted bylaws which delegate authority to the Finance Committee of the EOU Foundation to oversee financial transactions. In general, items which require approval of the Foundation will be submitted to the Finance committee for review and determination.

## **Restricted and Unrestricted Assets**

1. The Foundation has the fiduciary duty to spend funds in accordance with donor's wishes. Donors may restrict assets for specific purposes in a gift/fund agreement outlining restrictions and conditions. This agreement must be signed by the donor and the Foundation and Vice President of University Advancement.
  - a. Restrictions and conditions must comply with all applicable regulations, rules and policies.
  - b. In compliance with OAR 580-046-0035 (2) (a), the Foundation will obtain Eastern Oregon University (EOU) approval of all restrictions or conditions.
2. Restricted assets will be held in a designated account governed by the gift/fund agreement. All transactions must comply with the agreements and must serve the purpose stipulated by the donor.
3. Unrestricted gifts may be expended at the discretion of the Foundation.

## **Modifications or Removal of Restrictions**

1. The Uniform Prudent Management of Institutional Funds Act (ORS Chapter 128.301-128.355) allows for the release of restrictions imposed by the gift instrument on the use or investments of an institutional fund.
  - a. Release may be obtained through the written consent of the donor.
  - b. Release may be obtained through appropriate circuit court if written consent cannot be obtained due to the death, disability, unavailability or impossibility of identification of the donor.

## **Expenditures**

### **General Guidelines**

All expenditures must be submitted to University Advancement in a timely manner following the Board-approved accounts payable procedures.

All expenditures require approval of either the Foundation President or Treasurer and University Advancement staff. The Foundation President, Vice President, and the Treasurer of the Foundation shall have sole check signing authority. Expense request and related backup must be available at time of approval.

1. Expenditures may not exceed the balance of the fund unless approved by the EOU Foundation prior to expenditure.

2. Requesting individuals or groups shall be responsible for expenses declined by the EOU Foundation.

### **Types of Allowable Expenditures:**

#### **❑ Payments to Board Members or Volunteers**

- Members of the Foundation board, subsidiary boards and other volunteers shall not be compensated for their service, but may be reimbursed for expenses incurred while carrying out Foundation approved activities. Examples include reimbursement for a meal with a donor in which solicitation occurs, but not travel expenses to attend a Board meeting.

#### **❑ Payment to/for Family Members**

- Foundation funds may be used to pay for attendance of family members of EOU employees at fundraising events or other approved business of the Foundation or Eastern Oregon University Travel expenses for family members will generally not be paid by the Foundation.
- Any exceptions to this policy will be reviewed on a case by case basis by University Advancement staff and the Finance Committee prior to the payment of any expenses.

#### **❑ Payments to Independent Contractors**

- Foundation funds may be used to pay independent contractors for services provided for authorized activities.
- The EOU Foundation does not hire employees. The IRS twenty-factor test will be used to clarify whether a contractor is actually an employee. Employees must be hired by EOU in accordance with normal EOU hiring practices and policies.
- Personal Services Contracts are required for contractors whose payments or services are negotiated or are ongoing. All contracts must go through the EOU Business Office and must be submitted and approved before the start date. Payments will be issued by the EOU Accounts Payable Office. See the EOU Purchasing and Contracts Policy for examples of allowable expenses and policies.

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#### **❑ Payments to EOU Employees**

- EOU employees may be reimbursed for actual and necessary travel and other expenses incurred for authorized institution or foundation purposes.
- Foundation funds may be used may be used for employee and business gifts consistent with IRS regulations for business-related gift expenses.
- The Foundation will follow current IRS regulations regarding taxable/non-taxable gifts received by employees. .
- Salaries, consulting fees, loans, perquisites or other benefits provided to an EOU employee will be shall be paid to the university who will in turn pay the employees in compliance with OAR 580-046-0035 (6).

#### **❑ Payments to Students**

- Foundation funds may be used to pay students for services provided or student aid. Students shall be treated as independent contractors unless they are also employees of

EOU in which case they will be treated as such. If treated as independent contractors, students are responsible for income and self employment taxes.

- Student aid will be paid to EOU who will make funds available to the student unless otherwise agreed upon by the Foundation and donor.

**❑ Payments and Donations to Other Organizations**

- Payments to other charitable, governmental, or other non-profit organizations for actual and necessary expenses may be paid through the normal Foundation Accounts Payable process.
- Foundation funds may be donated to organizations outside of EOU to promote the Foundation. Funds donated in this manner will be recorded as Advertising and Promotion.
- Payments to political campaigns will generally not be approved.

**❑ Payments/ Reimbursements to EOU**

- Payments to augment EOU resources or to reimburse EOU for expenses must be included in EOU budgets and be approved by the EOU Business Office in accordance with university policy.
- Payments to EOU will be processed through the normal Foundation Accounts Payable procedure.

**❑ Use of EOU Foundation On-Campus Expense Account**

- The EOU Foundation on-campus expense account may be used for purchases such as use of EOU Motor Pool vehicles, postage, duplicating, Audio/Visual services, charges from EOU Facilities and Maintenance, telephone charges and bookstore purchases.
- UA must be informed prior to any purchases. A log of expenses will be kept and reconciled with monthly bills.

**❑ Fundraising Expenses**

- Foundation funds may be used to pay for food, event tickets, travel, and other expenses incurred in the solicitation of donors.
- All fundraising activities, events and expenditures must comply with the EOU Fundraising Policy and the EOU Foundation Gift Acceptance Policy.
- Gifts and benefits to donors and alumni must comply with IRS regulations.
- Examples of allowable fundraising expenses include meals with a donor, tickets to an event for staff and donors, or flowers for a grieving donor.

**❑ Events**

- Invoices for approved donor, alumni and other events should be submitted to University Advancement with a Foundation accounts payable voucher.
- Foundation funds may be used for events or gatherings for campus departments/employees consistent with EOU policies.

**❑ Capital Expenditures and Supplies**

- Capital expenditures are defined as any purchases of \$5,000 or more per piece and shall be processed as “equipment.” Purchases under \$4,999 shall be processed as “supplies.”

- Equipment and supplies purchased with Foundation funds to be used by EOU employees, programs or departments shall be the property of EOU unless title is specifically retained by the Foundation.
- Capital expenditures must comply with EOU policies and must be approved by EOU prior to purchase.

**□ Printing and Postage**

- Foundation funds may be used to print materials for activities approved by the EOU Foundation or EOU.
- Postage may be billed to the Foundation’s on-campus account by attaching a Foundation Postage card to the mailing. Postage cards are available in the University Advancement Office. Materials mailed through the US Postal Service must comply with guidelines to qualify for non-profit mailing rates and to protect the Foundation’s non-profit status.

**EOU FOUNDATION TRAVEL REIMBURSEMENT POLICY (APPROVED: 9/20/05)**

1. Approved travel expenses will be reimbursed by the EOU Foundation at the same rates and under the same regulations and policies as travel for Eastern Oregon University. Some exceptions may apply and are reviewed on a case by case basis.
2. All required paperwork and itemized receipts must be submitted before reimbursements will be made.
3. Reimbursements will conform to all EOU Foundation Accounts Payable policies and procedures.

**MANAGEMENT OF EOU FOUNDATION ASSETS**

**Sale of Real Property**

1. Sale or other disposal of real property requires prior approval of the EOU Foundation.

**Sale or Transfer of Securities**

1. Sales or transfers of securities must comply with the EOU Foundation Investment Policy and require EOU Foundation approval.

**Transfers between Foundation Funds**

University Advancement may execute transfers of assets between EOU Foundation funds without prior Foundation approval, under the following conditions:

An authorized individual must submit requests in a timely manner in writing.

Transfers of assets must comply with donor agreements and must continue to serve the donor’s stipulated purpose.

University Advancement staff may choose to request Foundation review and approval of any transfer.

**Endowments**

**Types of Endowments**

1. The Foundation allows two types of endowments:
  - a. True Endowments: assets are invested to generate income. Principal may not be spent.

- b. Quasi-Endowments: assets are invested to generate income, but not limited as to the use of principal and are not defined as perpetual. May be unrestricted net assets that have been earmarked by the board as board-designated endowment.

### **Investment of Assets**

1. The Foundation will invest endowed assets in accordance to the EOU Foundation Investment Policy and applicable state and federal, rules and regulations.
2. Endowed assets shall be held in a specific fund separate from other assets. Trust income from the endowment shall be deposited in a corresponding individual operating fund.
3. In accordance with ORS 128.330 (4), the Foundation may pool endowed funds to increase investment return. Income for pooled investments shall be distributed to each endowed fund proportionately and deposited into a designated operating fund for expenditure.

### **Endowment Spending Policy**

1. To preserve the purchasing power of the endowment principal while providing income for expenditure and in compliance with ORS 128.320, 1.375% of the fair market value of each EOU Foundation investment account shall be disbursed on the last day of each financial quarter. The Foundation may review and adjust disbursement amount at any time.
2. The Foundation or donor may stipulate in writing that all trust earnings of a specific fund be reinvested and not available for expenditure. In this case, earnings will be held in the operating fund and reinvested in the first quarter of each year. Exceptions or special arrangement may be approved by the Foundation.
3. The EOU Foundation may chose to forego disbursements if market values decline or projections show a future loss of value.
4. Expenditures from quasi-endowments shall comply with fund agreements and EOU Foundation policies.

### **Student Aid Award Amounts**

1. Student aid award amounts from endowed scholarships are tied to the amount of trust income earned annually. As such, award amounts shall equal the lesser of either:
  - a. the balance of the operating fund as of December 31 of the previous year or,
  - b. the total trust income received in the previous year, or
  - c. amount stipulated in the agreement.
2. The Foundation shall inform and authorize the Financial Aid Office to expend specific amounts for endowed accounts as student aid. Permission from the Foundation must be obtained before exceeding authorized amounts.
3. Award amounts from scholarships that are intended to pay full tuition and fees shall equal the actual tuition and fees charged by EOU for up to 15 credits. If the authorized amount for a year will not be expended, the Financial Aid Office may award additional funds for students taking more than 15 credits.
4. Students may use Foundation student aid for educational expenses incurred while attending EOU such as tuition, fees, textbooks and educational supplies, and room and board.

[Responsible for Accuracy: Tim Seydel, Vice President for University Advancement, Last Verified: 1/19/2011]