

NEW MEXICO STATE UNIVERSITY FOUNDATION, INC.

GIFT INCOME SPENDING POLICY

General

New Mexico State University Foundation, Inc. (Foundation) recognizes the importance of private gifts in providing New Mexico State University (University) colleges and departments the flexibility needed to achieve their goals and objectives. The Foundation also recognizes that different colleges and departments will have varying needs and priorities for the use of the private gift income as they continue to develop and maintain quality programs. This policy is designed to provide those University units receiving private gifts the maximum amount of latitude to address these differing goals and objectives while at the same time maintaining the Foundation's fiduciary responsibility inherent in acceptance of donor funds. All expenditures from the Foundation must be for the enhancement or benefit of the Foundation and University, consistent with the University's official mission.

Gifts and membership dues received by the Foundation or any of its entities or programs from any source and earnings of the Foundation will be expended in compliance with this policy or the University's Gift Income Spending Policy (adopted by the NMSU Board of Regents 12/89), depending on which entity makes the actual expenditure. Exceptions to this policy may be made by the Executive Committee of the Foundation.

All gifts and the net earnings therefrom, if accepted, will be expended according to the written restrictions of the donor. The documented restrictions will take precedence over the guidelines for disbursement of funds outlined below.

Authorization Structure

Except as provided below, two University signatures are required on each Foundation voucher for payment of program expenditures. As applicable, these signatures are generally from the Department Head and the Dean or Director. Expenditures of a unit reporting directly to the President or the Provost can be approved by the head of that unit (Vice President, Dean, Vice Provost or Director) without further approvals, unless the head of the unit is also the payee; in that case, the President's or Provost's signature is required. All expenditures involving a payment for services rendered by a University employee will be processed through the University's Payroll Office, following all existing authorization requirements for the given transaction. All requests for exception to policy will be directed initially to the Executive Director of the Foundation.

Cash Disbursement Controls

All Foundation internal controls will apply to disbursements made from gift funds. All requests for expenditure will be submitted on the Foundation voucher form. All vouchers will be accompanied by invoice or receipt support, or the attestation of the individual claiming reimbursement that other documentation is not applicable.

Guidelines for Disbursement of Gift Funds

All gift funds will be used by or for the benefit of the University in fulfilling its mission of teaching, research, and public service, including expenses sanctioned for the improvement of employee morale. Gift expenditures that are allowed under current University policy are to be processed through the University's accounting system using companion (mirror) accounts. The arrangement allows a systematic transfer of funds between the Foundation and the University, whereby the Foundation reimburses University accounts on a monthly basis. These types of expenditures are subject to University controls and shall be spent in accordance with the University's Gift Income Spending Policy. Expenditures not allowed under the University's policies are to be processed through the Foundation and will be subject to the guidelines outlined in this policy.

1. The following types of expenditures are not allowed under this policy:
 - a. Any payment in conflict with existing law, statute, or regulation applicable to gift funds.
 - b. Charitable contributions made to entities or individuals external to the University.
 - c. Any duplicate payment for goods, services or reimbursement of employee expense. Duplicate payments include the reimbursement of "actual" travel expense to employees who have already received per diem payment through other sources.
 - d. Payment for University employee services outside the University's payroll system.
 - e. Gifts made to University personnel except in recognition of service to the University.
 - f. Loans to any individual.
 - g. Payment of fines imposed for violations of local, state, or federal law.
 - h. No expenditures shall be allowed which do not comply with IRS regulations for travel and entertainment, as would be applicable to for-profit businesses or organizations. Any such expenditures for travel or entertainment which do not comply with IRS regulations and which would not be allowed as business expense by a for-profit business organization shall not be paid by the Foundation. (See paragraph (2)d below for further clarification as to the types of expenditures that are allowed.) Below are examples of such expenditures that **are not allowed**:
 - (1) "Unreasonable" travel expenditures as defined by the IRS.

- (2) Expenditures for spouse's travel are not allowed, except for spouses of Regents, the President or the President's designated representative, when they are essential to the business being conducted.
- (3) Expenditures for personal portions of a business trip.
- (4) Mileage or other travel expenses reimbursable under the University policy. Although local travel mileage is allowed under IRS guidelines, it is not allowed as a Foundation (or University) expenditure.
- (5) Expenditures for business meals with only University employees in attendance.

2. Certain expenditures that are **allowed with conditions or limitations** under this policy are outlined below.
 - a. It is not the policy or purpose of the Foundation to subsidize social events solely for entertainment of its members, Board of Directors, or members of affiliated organizations. Events designed primarily to cultivate current and prospective donors and fund-raising volunteers are permissible. The cost for a University employee to attend is not an appropriate Foundation expenditure unless the attendance is required by the University and/or Foundation.
 - b. Expenditures for country club dues and the use thereof, and other social memberships will be approved subject to the following conditions: renewals each fiscal year will be supported by a log detailing the usage, which demonstrates justification for renewal of the membership and reflects that the University and/or Foundation have derived a benefit therefrom. This log will be provided by the individual holding the membership. These expenditures will be reviewed annually before approval of payment for the renewal of such memberships. Such memberships will only be renewed if the logs verify and substantiate that a benefit is being derived by the University and/or Foundation from such membership. Dues/memberships for employees below the Dean's level are not allowed without justification from the Dean and approval of the Provost of the University. All requests for these memberships will be reviewed on a case-by-case basis by the Executive Director of the Foundation.
 - c. Flower purchases are not allowed **except as follows**: Flower purchases for individuals outside of the University must have a purpose that benefits either the University or the Foundation and is consistent with the University's mission. Flowers for University employees are limited to death within the immediate family. Flowers for an employee upon retirement are also allowed.

- d. Paragraph 1.h. above refers to the IRS guidelines for business expenditures for travel and entertainment. Below are summaries of what are considered allowable by the Foundation for travel and entertainment as they relate to the IRS regulations.

Travel. In general, travel should be paid through the University's travel office in accordance with the guidelines established by the University in its Business Procedures Manual. Travel expenditures paid from Foundation funds may include airfare, meals, lodging and expenses incidental to travel. Expenses paid from Operational funds require actual receipts for reimbursement of all costs. In the event that expenses are paid from program or contractual funds, the traveler will be reimbursed per diem or actual lodging plus a per diem for meals in accordance with the existing University travel guidelines. These expenditures must be reasonable and necessary in the conduct of University business. If the travel includes personal activities, expenses should be split so that only business-related expenses are reimbursed by the Foundation.

Entertainment. Entertainment expenses are allowed if they are directly related to or associated with the active conduct of the University's mission. Generally, to qualify under the "directly related to or associated with" requirement, business must be discussed before, during or after the entertainment. Entertainment expenses should be reasonable so that they cannot be considered lavish or extravagant as described by the IRS.

- (1) Expenditures for individual servings (drinks) of cocktails, beer, wine and other alcoholic drinks consumed with business meals shall not exceed two drinks per person. There shall be no expenditure of Foundation funds for alcoholic beverages at business meals attended only by University employees.
 - (2) Alcoholic beverage purchases for receptions/parties at an off-campus location should be based on the number of individuals reasonably expected to attend and the per person cost should be reasonable.
- e. Employee parties/functions for the purpose of promoting employee morale are subject to the following restrictions:
- (1) Expenditures may be made for payments to hotel/restaurants for meeting rooms or facility use.
 - (2) Expenditures may be made for actual food and beverages consumed, catering and gratuities.
 - (3) Expenditures for party decorations, Christmas trees, Christmas decorations, flowers, and alcoholic beverages in excess of those actually consumed in the course of the function (i.e. bar stock) shall not be paid by the Foundation.

- f. A list of attendees at social/business-related, Foundation-funded events is required to be attached to the voucher requesting payment.

Adopted by the Executive Committee
Board of Directors
November 20, 1991
as amended March 16, 1993
as amended October 8, 2001
as amended May 20, 2005
as amended July 31, 2008