

FUNDS POLICY

Policy Approved by	Management
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Revisions Made	
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Purpose

The UND Alumni Association and Foundation (the UNDAAF) establishes and manages funds according to the following policy approved by the UNDAAF's Management Team.

Donor Gift/Philanthropic Funds

The UNDAAF promotes, accepts, and manages private gifts for the benefit of the University of North Dakota ("UND"). The UNDAAF recognizes the importance of private gifts in providing UND colleges and departments the flexibility needed to achieve strategic objectives. The UNDAAF solicits, receives, records, and administers private gift funds in collaboration with UND. Both have a fiduciary responsibility to donors to ensure that funds are utilized in accordance with the terms and conditions of gifts.

Types of Funds

1. **UND President's Excellence Fund**
Gifts to the UND President's Excellence Fund provide the greatest flexibility for UND to meet today's most immediate needs.
2. **College/Unit Annual Excellence Funds**
Colleges and units look to these gifts to fund their most immediate strategic needs and respond to new opportunities that arise during the year. Gifts to college and unit excellence funds are supporting the innovative, creative and entrepreneurial spirit that abounds on campus.
3. **College/Unit Program Funds**
Funds spent from these accounts must conform to the specifications made by the donor.
4. **Student scholarship funds**
UND is committed to success for students through the power of scholarships. Donations to these funds provide awards that are impactful to increase students' chances of academic and financial success.
5. **Facility funds**
Contributions go directly to support new or improved infrastructure on campus to keep UND a premier campus.
6. **Educator funds**
UND is committed to excellence in higher education at all levels. Endowed faculty attract and retain leading scholars and are investments that last far into the future while protecting the university's operating budget. UNDAAF has all levels of educator funds, ranging from endowed chairs to educator enhancement funds.

7. **Endowment Funds**

Endowments are gifts that keep on giving. Endowments are permanently invested by the UNDAAF generating an annual payout that is used for the purpose the donors choose to support—scholarships, facilities, educators, research, programs, and much more.

8. **Donor Advised Funds**

Designed for individuals who make substantial gifts and have varied philanthropic interests (\$100K+). The donors advise the UNDAAF of gifts they would like to make to eligible charities including the University. Annually 51% of grants must be to UND causes. The UNDAAF manages all payments, fund administration and provides reporting to donors.

Guidelines for Fund Establishment

Donor Funds

1. Non-Endowed named funds can be established for scholarships. Non-endowed named funds for other purposes may be established with the approval of the UNDAAF's VP of Finance.
2. The minimum needed to establish an annual named scholarship is \$1,000 and have a minimum commitment of five years. A gift agreement must accompany the fund agreement showing the five-year commitment.
3. The fund will not be invested or earn interest.
4. All scholarship criteria must be approved through the Finance Department to ensure the scholarship can be awarded.
5. The Internal Revenue Service does not allow a charitable tax deduction if the donor retains "control" over the gift or how it is used. Therefore, a donor may not participate in the final selection of scholarship or award recipients, name an individual to the scholarship committee, or structure the criteria so narrowly as to limit selection to a small population comprised solely or primarily of individuals related to the donor.
6. The scholarship recipient selection will be based upon the requirements listed on each fund agreement. UND Student Finance will approve all scholarship selections.
7. The Colleges and departments are informed of new funds established by donors on a monthly basis. Finance includes the details of funding in the email.

College/Department Funds

1. If a college or department wishes to set up a new fund the following guidelines must be followed:
 - a. No fundraising may take place before approval and establishment of the fund at the UNDAAF.
 - b. A fundraising initiative must be approved first by the Dean of the College, director, or appropriate VP. Final approval will be made by the Organization.
 - c. There must be a unique purpose and a reasonable expectation of additional gifts or material activity in the fund.

Non gift Deposits

Deposits generated and received by a UND department should not be deposited at the UNDAAF. The purpose of the UNDAAF is to receive gifts and the UNDAAF is not the appropriate entity to receive revenue for academic activities or programs. Accounts for such activities should be set up

through the University. However, gifts of support made to the UNDAAF can be used to reimburse such accounts.

Guidelines for Fund Disbursements

UND employees should consider that all expense disbursements are subject to public scrutiny and that spending activity is available to donors.

UND Responsibility for Oversight

The Dean of the appropriate academic unit, the Vice President of a University Division, or other similar academic or administrative leader will be the administrator for philanthropic fund oversight or will designate an individual to do so. These individuals are responsible for insuring that all requested disbursements from UNDAAF funds are in accordance with the fund guidelines and the donor's restrictions. Specific responsibilities of UND administrators include:

1. Be familiar with governing donor documents that specify donor intent;
2. Abide by UNDAAF and University policies and procedures;
3. Review balances to ensure appropriate management of the funds;
4. Ensure that the funds available for expenditure each year are spent (if possible) before the end of the fiscal year for the appropriate and strategic purpose;

There are two ways to spend out of UNDAAF Funds:

- **INDIRECT** - Paid directly by UND, and then reimbursed by the UNDAAF fund. To utilize this method, the expenditures must comply with UND policies for allowable expenditures. This arrangement allows a systematic transfer of funds between the UNDAAF and UND, whereby the UNDAAF reimburses the University accounts on a regular basis. The expenditures are subject to University controls, shall be spent in accordance with the University guidelines, and be in compliance with donor restrictions.
- **DIRECT** - Directly paid by the UNDAAF [NOTE: only for allowable expenses which cannot be paid by the University]

Direct UNDAAF Payments

Payments for University business that are not able to be paid directly through UND may be paid directly from UNDAAF funds if the payment is allowable. To be allowable:

1. The expense must be for University business
2. A business purpose must be clearly stated on the Request for Payment form (RFP)
3. Payment must comply with the restrictions and conditions placed upon the funds by the donor
4. Appropriate approvals must be documented on the RFP. The University is responsible for ensuring that authorized individuals are signing/submitted RFPs. UNDAAF will not verify signature authority but will verify that donor intent is being met on foundation funds being spent.
5. Any reimbursement to an individual must be signed by the individual's supervisor or equivalent.
6. Additional RFP approval is required for requests of \$2,500 and over
7. For UND President funds:
 - ❖ **UNDAAF Payments on behalf of the University President from priority needs funds**
All payments made to or on behalf of the University President from funds designated to the UND Presidents office should be signed by (or approved by) the VP of Finance and Operations. All payments made out of these funds that are non-standard and non-recurring spend should

be signed by (or approved by) the VP of Finance and Operations. This oversight ensures that expenses paid from the UNDAAF are aligned with overall University business and that the institution is aware of expenditures.

❖ **UNDAAF Payments on behalf of the University President from board designated fund - 69984**

All payments made to or on behalf of the University President from The UNDAAF board designated fund should be dual signed (or approved by) the UND VP of Finance and Operations. All payments made out of this fund that are non-standard and non-recurring spend should be signed by (or approved by) the VP of Finance and Operations.

Expenses from this fund include travel and other expenses the President incurs in fundraising activity as well as other University business. This dual oversight ensures that expenses paid from this fund are appropriate and relevant for the related activity.

- This fund activity is reported to the board of directors annually

❖ **UNDAAF Payments from the UND President's Excellence Fund - 64572**

Payments are for priority programs at UND. Expenses from this fund must be dual signed (or approved by) from the UND President and the UND VP of Finance and Operations.

Non Allowable UNDAAF payments

The following types of expenditures are not allowed to be paid directly from UNDAAF funds:

1. Any payment in conflict with existing law, stature, or regulation applicable to gift funds.
2. Direct payment to any student or University employee other than a reimbursement of allowable expenses. Gift cards to students or UND employees are not allowable. UND employees can not pay for services directly (ex: DJ for event) because this is a taxable transaction to the recipient.
3. Personal expenses including but not limited to: travel, lost departmental key replacement, parking permits for UND staff, faculty, or students or any expense that might otherwise be deemed compensation if paid directly by the University.
4. A payment that may involve or create liability exposure for UND or the UNDAAF;
5. Gifts made to University personnel except in recognition of retirement from the University (Max \$400). Retirement gifts that are in the form of cash or gift cards/certificates are not allowed to be paid directly from foundation funds. These are considered compensation and are therefore taxable, so they must run through the University payroll. Tangible merchandise gifts may be reimbursed or paid directly using foundation funds with a \$400 maximum.
6. Payment of fines imposed for violations of local, state, or federal law, including but not limited to parking or other traffic tickets of UND employees or students.
7. Any expenditure which does not comply with IRS regulations as an allowable business expense.
8. Unreasonable travel as defined by the IRS (example: first class airfare vs coach)
9. Expenditures for personal portions of a business trip such as entertainment
10. Charitable contributions made to entities or individuals external to the University
11. Any payment from a fund that does not follow the donor's restrictions.

The UNDAAF's CEO can authorize or deny any payment requests for University expenses. Any exceptions to the above policy will be reviewed by the UNDAAF's CEO or VP of Finance.

How to fill out an UNDAAF Request for Payment Form

- Please provide the complete Name, Address, Tax ID # or Social Security # for the Vendor. (expense reimbursements do **NOT** require SSN)
- Please check appropriate box if the person being paid is a UND Faculty/Staff or a UND Student.

- Check the appropriate box for how you want a check delivered. (Allow 5-8 business days for completion of payment)
- All paperwork should be in a single document, pdf format and **submitted electronically** by email to: payrequest@undfoundation.org
- Detailed receipts are required.
- Include where indicated, requesting dept, stop #, authorized name & phone # and signature.
- The signature should match the typed/printed authorized name.
- Additional approval is required for requests of \$2,500.00 and over and any reimbursement to an individual must be signed by the individual's supervisor (or equivalent).
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- If the form is not completed properly, the form will be returned with an explanation.
- Requests for individual reimbursement payments must be at least \$25. If possible, save several invoices and submit them on one form. This minimum will not apply for payments to a business.
- Submit the completed form with proper supporting documentation and signatures..

Split Invoice Process

When a vendor will be paid by both a UNDAAF Fund and a UND Fund, the portion paid by the UNDAAF Fund must be submitted on a separate UNDAAF Request for Payment Form. A copy of the vendor invoice, the UND voucher and/or any other documentation must be attached to UNDAAF Request for Payment Form. The original vendor invoice and the UND voucher, however, must be submitted to UND Procurement and Payment Services.

If the UNDAAF Request for Payment contains an over per diem amount, be sure the per diem is figured correctly. If you are unsure of the per diem, submit your invoice to UND Procurement and Payment Services first in order to verify the amount you are sending to the UNDAAF for reimbursement. The UNDAAF does not have a per diem on expenses.

Faculty and Staff Gifting Policy

University faculty and staff are encouraged to make gifts to the University through the UNDAAF. To avoid any perception that their gift is being used to support a program over which they have discretion, the UNDAAF will not issue a gift receipt if the donor has expenditure control. Gifts may be made to support any endowment, scholarship, or other restricted fund outside their area of supervision.

The UNDAAF is responsible for determining whether a donation to UND may be counted as a gift in conjunction with the IRS code which defines the conditions under which any donation may be taken as a deduction for income tax purposes. The following each have elements of private benefit and are not considered to be charitable contributions for which charitable receipts are issued.

Examples where funds given would not be considered gifts

- Funds to support the salary of the donor or employees of the donor
- Funds to pay for travel by the donor
- Financial aid to a specific student
- Compensation for a named faculty or staff person
- Funds directed for the purchase of equipment, or furnishings for offices or laboratories of specified individuals or for their travel or sponsored activities
- Gifts to a fund over which the donor has expenditure control