



# ECU

## ECU MEDICAL & HEALTH SCIENCES FOUNDATION INC.

### Foundation Expenditure Policy

#### I. Purpose

This policy offers guidelines for committing and approving expenditures from foundation funds. Foundation funds are not subject to the same restrictions imposed on the University's state funds. The intent of this policy is to guide all those who make commitments to spend from foundation funds or approve those expenditures, and to clarify the process, requirements, flexibility, and limitations associated with spending foundation funds.

#### II. Overview

The East Carolina University Medical & Health Sciences Foundation, Inc., ("the Foundation") is a North Carolina nonprofit corporation recognized as a tax-exempt organization under Internal Revenue Code §501(c)(3). The mission of the Foundation is to "Provide resources to ensure student and faculty success and transform healthcare in the region" by serving the Health Sciences Division of East Carolina University ("the University").

The Foundation has a fiduciary responsibility to protect its resources and spend its funds in accordance with both the intention of its donor and the mission of the University. All Foundation officers and University employees are responsible for the prudent appropriation and use of the Foundation's resources and assurance that expenses incurred and submitted will be ordinary, necessary, and reasonable.

Under an operating agreement with the University, the Foundation utilizes the University's accounts payable system and its financial services staff to process all accounts payable. This process does not subject Foundation funds or expenditures to limitations or restrictions specific to state funds.

All reimbursements to University employees, whether from University funds or Foundation funds, must be in accordance with the "Accountable Plan" of the University. According to IRS regulations, an organization must have an "accountable plan" for reimbursing employees for business-related expenses on a tax-free basis. This "plan" must apply to all funding sources. Expenses must be reported within a reasonable period of time. The IRS requires that any payments made to employees not in compliance with this policy be treated as supplemental wages and subject to income tax withholding, payment of Social Security, Medicare, and FUTA taxes.

### **III. Documentation**

1. All invoices or receipts must provide an itemized list of expenses.
2. Invoices from vendors must be originals, not a copy, where required. If the original invoice was lost or was never received, a replacement invoice may be used if provided directly from the vendor.
3. The purpose of every expenditure must be clearly documented. This purpose must be consistent with the purpose of the fund, the mission of the Foundation, and the mission of the University.
4. The IRS has very specific guidelines for documenting travel, entertainment, gifts, and car expenses – (See Internal Revenue Publication 463). Documentation must include: the participants, the location, date, and detail to support the valid business purpose of an expense. If an agenda is applicable, it should be attached.
5. Receipts: It is the employee's or traveler's responsibility to maintain and submit proper expense documentation; failure to do so will require the following support and approval by the employee's supervisor and the President of the Foundation.
  - a. Itemized Receipt Unavailable – if a reimbursement/payment request does not include an itemized receipt (particularly common for meals), contact the vendor/restaurant directly to have them regenerate a detailed receipt. If the restaurant is unable to furnish a detailed receipt, go to the vendor's website and regenerate a detailed receipt to be included on the Lost Receipt/Invoice Affidavit form.
  - b. Lost Receipt – for lost receipts, one of the following should be provided: 1) a copy of the bank or credit card statement, with account information redacted, 2) a copy of the cleared check (front and back), with account information redacted, or 3) a written statement signed by the traveler/employee stating he/she paid cash together with a completed and approved Lost Receipt/Invoice Affidavit form.

### **IV. Approval Process**

1. All expenditures from Foundation funds must be approved by: (1) the designated fund manager ('Administrator' position, as stated in the fund agreement for the fund to be used), his/her designated representative, or someone with organization code delegated authority in the University delegation hierarchy for AP, and (2) Foundation Administration and Finance personnel, in accordance with the Foundation's Transaction Approval Limits policy (located on the Foundation's website). For scholarships, disbursements must be approved by the fund manager (no delegation to a representative is permitted).
2. Expenditures from Foundation funds exceeding a designated representative's limit must be approved by the fund manager within the department or division (not by a designated representative).

3. If, for any reason, the fund manager or the designated Foundation Administration and Finance personnel is unavailable to approve an expenditure for reimbursement, it may be approved by their immediate supervisor.
4. Requests for expenditure reimbursements paid directly to a University employee, or direct payments to vendors, for/from which a University employee receives a direct benefit, must be approved by the employee's immediate supervisor or a higher authority within the department or division.
5. If an expenditure is not able to be approved through this approval process, the designated fund manager or the designated Foundation Administration and Finance personnel may refer it to higher levels of Foundation or University leadership for assistance.

#### **V. Payment Process**

The Foundation's Financial Services staff and the University's Accounts Payable department are responsible for processing and paying expenditure payments on a timely basis. Appropriate documentation helps expedite approval and payment. If individuals involved in the approval and payment process reasonably believe requirements set forth in this document have not been met, then such concerns are to be discussed, on a timely basis, by and between the fund manager and the Foundation Controller.

ProCard charges may be paid using Foundation funds. All supporting documentation must be uploaded into platform for such payments (currently Chrome River) during the reconciliation process in order to use Foundation funds.

Please note that employee awards must follow the payroll process and student awards and scholarships must follow the scholarship process.

In an effort to streamline the purchase, payment, and compliance process, personal credit/debit cards and reimbursements should be the last option for payment methods. Please also note, per the University Travel Policy, any personal benefits received while on official business should not be used/retained personally by the employee. This includes rewards, miles, points, or other similar personal benefits – those should be used against future business trips or, in the case of cash rewards, the cash should be remitted to the funding source.

#### **VI. Donor Stewardship**

Foundation officers and University employees who incur or approve expenditures to be paid from Foundation funds also have a stewardship responsibility to donors to ensure:

- Any expenditure from a donor-restricted fund is in accordance with the purpose of the fund.
- Good judgment is used in determining that the expenditure and its amount are reasonable and prudent. Consider if you would be comfortable with the expenditure and amount being made public, such as in a newspaper?
- Documentation supports that the expenditure advances the mission of the University or the Foundation.

- The expenditure complies with all applicable IRS regulations.
- The expenditure complies with University policies, exclusive of limitations specific to state funds.

## VII. Foundation Expenditures

The Foundation may provide flexibility for expenditures incurred in the following areas where payment cannot be made with state funds. Appearance and Reasonableness tests should be used for all expenditures from Foundation funds.

1. **Travel:** Travel policies established by the University apply to all employees or persons seeking travel expense reimbursement. The University Travel Procedures Manual includes items related to travel such as preauthorization, spousal travel, extending business trips for personal travel, rental cars, non-meal tips for taxi/bag handling, and others that will be governed by the University's policy unless a preapproval has been obtained to otherwise cover the expense. A copy of the approved travel request must be attached for payment or reimbursement. Expense reimbursements for rooms and meals may exceed the per diem rate if they are reasonable for the situation. In those cases, excess per diem should be requested on the travel preapproval request.

While the University travel procedures apply regarding travel class and fees, any travel expenses exceeding the following require written preapproval from the Foundation President, or in the case of departmental travel the fund manager or their supervisor:

Hotels In State	NC Governmental rate offered by hotel
Hotels Out of State	\$300 per night
Flights	\$1,000 per round trip
Meals for employee travel	University per diem rules and rates

2. **Entertainment:** The Foundation may pay or reimburse expenses for entertaining benefactors, guests, candidates, or other non-University individuals. Entertainment expenses may include meals, alcohol, and event tickets. Alcohol may not be served at official student events. Prudent judgment and reasonableness govern that these expenditures are appropriate for the situation.
3. **Business Meals:** Employees may be reimbursed for meals if non-University guests are participants in the event. Individual expense reimbursements for University personnel who travel on University-related business are subject to the Travel guidelines set forth in this policy (see item 1 above). Any expenses in excess of \$50 per person and/or more than two alcoholic beverages per person require prior written approval by the Foundation President or Executive Treasurer. In rare instances, spousal attendance may be necessary or beneficial for University business. Written preapproval from the Foundation President or Executive Treasurer must be obtained to cover the expenses related to a spouse's attendance. Failure to obtain proper written approval will result in excess amounts not being reimbursed or will be required to be reimbursed to the funding source if a business credit card was used.

Tips for meals are reimbursable up to 20% of the total cost of the service (including tax). Any amounts that exceed 20% are required to be reimbursed to the funding source unless waived by the President or Executive Treasurer of the Foundation.

4. **Event Expense:** Foundation funds may be used to provide meals and/or refreshments for occasional University-related events. The function may be an employee appreciation reception, lecture series, reception, orientation, graduation celebrations, or annual staff retreats. The IRS clarifies its definition of "occasional" as "not regular or routine", such as routine staff meetings. This should not exceed quarterly. Expenses should be coded to the fund where the related revenue is recorded, if applicable. Expenses for occasional events should be reasonable for the situation, and as provided by the University Travel Procedures Manual, and should be approved by the appropriate Vice Chancellor or Dean or his/her designee. Any expenses in excess of \$50 per person require prior written approval by the Foundation President or Executive Treasurer. Attendance by employee spouses, family members, and guests requires prior written approval by the Foundation President or Executive Treasurer. *See the section regarding the Internal Conference Exclusion in the University Travel Procedures Manual.*
5. **Table Sponsorships:** Foundation funds may be used to sponsor tables at conferences or other events where there is a clear and stated benefit to ECU and the Foundation, and must be compatible with the missions of ECU and the Foundation. Prior documented approval by the Foundation Controller must be obtained. Individuals benefitting from participation (those attending) must have a business purpose in doing so.
6. **Relocation Expenses:** The University does not normally pay moving expenses for new employees. If it is pre-approved by the Vice Chancellor for the employing division as part of the employment agreement; the agreed-upon amount may be paid to the employee from Foundation funds when he/she has moved and provided documentation of having paid the related relocation expenses. Any payments for moving expenses in excess of \$15,000 must be approved by the Chancellor and the Board of Trustees.
7. **Flowers:** Flowers may be purchased for University-organized public relations and fundraising activities, donor recognition/appreciation, and University-sponsored banquets, ceremonies, and graduations. The amount spent should be reasonable and appropriate for the situation.

Flowers may also be purchased for a University employee in recognition of one of the following:

- Birth or adoption by employee or spouse;
- Hospitalization of an employee; or
- Death of an immediate family member:  
Immediate family is defined as: spouse, parent, child, sibling, grandparent, great grandparent, grandchild, great grandchild, other dependent living in the employee's household, mother-in-law, father-in-law, daughter-in-law, brother-in-law, and sister-in-law.
- A memorial contribution may not be made in lieu of flowers.

The cost is limited to \$100 excluding delivery charges and sales tax, where applicable, unless written approval is obtained from the Foundation President or Executive Treasurer. *Fruit or food baskets may be purchased in lieu of flowers, and are subject to the \$100 maximum. Alcoholic beverages are prohibited.*

8. **Awards/Gifts to Employees:** Achievement and recognition awards may be purchased for employees. IRS regulations state that employees may accept gifts not to exceed \$25 in value. The award may not be cash or cash equivalent (a gift certificate, gift card, or prepaid tickets). Any awards in excess of \$25 must be reported to Foundation Financial Services to be included in the individual's Form W-2.
9. **Retirement Awards/Gifts:** The IRS will allow employee achievement awards that recognize length of service. The award cannot be cash, or cash equivalent (a gift certificate, gift card, or prepaid tickets). The value of the gift can be up to \$25 for every year of service, not to exceed \$400.

IRS guidelines for employee achievement awards that recognize length of service or safety records state that expenditures:

- Cannot be disguised as wages;
- Must be awarded as part of a meaningful presentation;
- And cannot be cash, cash equivalent (gift certificate, gift card, or prepaid tickets), vacation, meals, lodging, theatre or sports tickets, or securities.

10. **Awards/Gifts to Non-University Personnel:** Gifts may be purchased for benefactors or other University supporters, but the price should not exceed \$100 without written pre-approval by the Foundation President or Executive Treasurer. The award may not be cash or cash equivalent (a gift certificate, gift card, or prepaid tickets for events not hosted by ECU). Total benefits received in a year in excess of \$600 must be reported on a Form 1099. Due to IRS regulations regarding quid quo pro gifts, gifts/benefits should not be given in exchange for contributions unless prior approval to do so is obtained from the Foundation accounting staff.

Residents and fellows are neither students nor employees; therefore, they will fall under this section regarding gifts, with an exception for foundation funds in existence specifically referencing a cash award for residents/fellows (and the dollar amount may exceed \$100).

## **VIII. Violations**

Violations of this policy can result in expense reimbursements being denied fully or partially. In the event that a vendor is directly billing via invoice or an expense was incurred on a corporate credit card, the purchaser will be required to reimburse the funding source for the expense or excess. Purchasing authority may also be removed by the employee's supervisor.

## IX. Prohibited Expenses

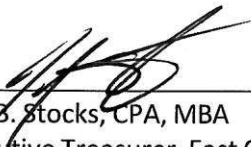
Even though there is flexibility with foundation funds, there are some types of expenses and reimbursements that are not allowed. The following provides examples of prohibited expenditures:

- Expenditures that are for personal benefit, like brief cases or regalia.
- Fines incurred while on University business: parking, towing, or traffic violations.
- Parking permits for University employees.
- Contributions to charitable or non-profit organizations unless there is a programmatic relationship that is pre-approved by the Foundation President or Executive Treasurer.
- Gifts or food for employee birthdays or for "going-away" parties when the employee is changing jobs.
- Gifts that are represented as being from an individual, instead of being from the University, or the Foundation, or one of their units.
- Expenditures that create the appearance of being extravagant or lavish beyond the appropriate Foundation or University purpose.
- Political contributions.



Scott Senatore  
President, East Carolina University Medical &  
Health Sciences Foundation, Inc.

Date: 12/13/23



Joel B. Stocks, CPA, MBA  
Executive Treasurer, East Carolina University  
Medical & Health Sciences Foundation, Inc.

Date: 12/15/2023



David J. Whichard, III  
Chair, Board of Directors  
East Carolina University Medical & Health Sciences  
Foundation, Inc.

Date: 12/14/2023

**Approved December 7, 2023**