

# Salisbury University Foundation, Inc.

## Disbursement Policy

The SU Foundation, as a charitable organization, has a fiduciary responsibility to ensure its resources are used prudently and that individuals do not incur inappropriate or excessive expenses, or gain financially.

This policy aids in our compliance with multiple IRS rules and state regulations, fulfills our fiduciary and stewardship responsibilities to our clients and donors, minimizes our exposure to various risk scenarios, and applies best practices across our operations.

The following information provides a general guideline regarding policies and procedures surrounding foundation expenditures and is not meant to be all-inclusive. We reserve the right to request additional information regarding any expenditure presented for payment to ensure we are adhering to donor designations, USM affiliated foundation regulations and IRS guidelines. Discretionary funds monitored by the Audit Committee are not subject to this policy.

## Reimbursements to Employees

### Travel Reimbursements

While the rules are too voluminous and complex to detail, the IRS requires an employer to establish and consistently administer an "accountable plan." Under an accountable plan, individuals can be reimbursed for expenses incurred, without negative tax consequences, when the following conditions are satisfied:

- Reimbursements are made for business expenses only
- Reimbursements are made within a reasonable period of time before or after the expenses have been incurred
- Documentation, including receipts, is obtained prior to reimbursement and retained for potential IRS review substantiating:
  - the reimbursed amounts and reasonableness thereof
  - the timing of the reimbursement and the incurrence of the expense

- the business purpose of the expenses
- the timely return of any advances in excess of incurred reimbursable expense

### **Meal Reimbursement**

Meals consumed during travel must be directly associated with the active conduct of SU business. Family members or acquaintances accompanying the employee on the trip are not eligible for reimbursement. Travelers will be reimbursed with the lesser of the actual costs **or** the per diem rates allowed by the University System of Maryland. For either the per diem rates or the actual costs, travel must begin before 8:00 am (from SU or from home) to claim a breakfast expense and end after 7:00 pm (back to SU or home) to claim a dinner expense. Tips may not exceed 20% of the total bill.

- When not using the meal per diem rates, any meal must be supported by original itemized restaurant receipts. A credit card receipt with just the total meal cost is not sufficient.
- If a meal is provided by a conference as part of the conference fees and a traveler elects to purchase a meal independent of the conference, such meal will be considered a personal expense and will not be reimbursed, unless traveler can show a justifiable business purpose for purchasing the meal independent of the conference.

Please refer to Salisbury University's Travel Policy for the current Standard and High Cost Metropolitan Areas per diem rates as these rates fluctuate periodically. Foreign travel is reimbursed at the applicable U.S. Department of State Meal and Incidental (M&IE) rate without receipts. The Foundation uses OANDA.com to obtain exchange rate conversion information when receipts are submitted in non-USD format.

### **Mileage Reimbursement**

SU Foundation funds may be used for mileage reimbursement for SU Foundation events and SU Foundation grants only. Reimbursements for mileage must be pre-approved by the SU Foundation. A budget for the event description, location and total requested mileage should be provided as part of the pre-approval process.

Please note: Mileage reimbursement for SU Gift Officers may not be reimbursed utilizing SU Foundation funds. All mileage reimbursements for SU Gift Officers must be requested from the state.

### Mileage Reimbursement Rates

Personal vehicle usage will be reimbursed at the established IRS rate as noted below:

- Full IRS rate per mile if a state vehicle is not available for use
- One-half IRS rate per mile if a state car is available and you choose not to use it

## Other Expenditures/Reimbursements

### **Business Meals**

The SU Foundation will reimburse reasonable meal expenses (including food, beverages, and tip) where a bona fide business purpose exists. The name and affiliation of each person(s), and the business reason for their inclusion in the expense must be provided. Total reimbursement from all sources will not exceed a rate of 1.25 times the current established per person, standard per diem rates allowed by the University System of Maryland. At a business meal, the business discussion is the primary purpose of the meal. Examples of business meals include meetings with external donors, business associates, professional colleagues, and other external persons at which a bona fide business discussion takes place. Expenses for business meals, including a reasonable amount of alcohol, are allowable and reimbursable. The itemized restaurant receipts listing all items ordered should be submitted. If an itemized receipt is not included, then the employee shall only be reimbursed the current established per person, standard per diem rates allowed by the University System of Maryland. Tips may not exceed 20% of total bill.

### **Employee Appreciation Gifts or awards**

Gifts to employees are generally discouraged and may violate state ethics laws. SU Foundation policy allows for reimbursement of non-cash employee gifts of a de minimis amount (valued at \$100 or less per employee.) Cash or cash equivalent (gift cards and certificates) gifts are never allowed. This policy is based on current IRS regulations, which state that an employee may not need to report the value of a gift that is de minimis in nature. This rule also applies to flowers, plaques, t- shirts, etc. that are given to employees as an appreciation gift or award.

## **Flowers/Memorial Contributions**

The limit on flowers and memorial contributions is \$150, including delivery and any taxes or other charges. Flowers may be sent, when intended as an expression of sympathy or concern related to the hospitalization of or memorial for an employee, his/her spouse, lineal descendants, adopted children, stepchildren, ancestors, siblings and members of the immediate household, as long as the cost does not exceed the above-noted limit. In-laws are not included. Congratulatory notices or flowers for the birth of a child or wedding are not included. Memorial contributions to charitable entities or other appropriate expressions of sympathy, in lieu of flowers, are acceptable, subject to the same restrictions. Multiple flower purchases and/or memorial contributions are not allowed for the same event.

## **Personal Gifts**

SU Foundation funds cannot be used to purchase personal gifts, such as those for Administrative Professional's Day, Boss's Day, baby showers, weddings, etc. This includes flowers, meals, or other tokens of congratulations or appreciation. These items are considered personal in nature and as such are not made for a business purpose as defined by the IRS.

## **Staff Meetings, Luncheons, etc.**

SU Foundation funds may be used to pay for bona fide staff meetings, luncheons, etc. The disbursement request must clearly state the purpose of the gathering/meeting and/or the business topics discussed and must include a complete list of attendees. Meal costs must not exceed the established per person, standard per diem rates allowed by the University System of Maryland (all event costs incurred by all associated individuals are included in this calculation – if additional fees are incurred to rent linens, tip servers, etc. these fees must be factored into the final per person rate). Per person charges that exceed the established rates in this policy must be pre-approved by the Foundation's Executive Director and may not exceed the current established per person, standard per diem rates allowed by the University System of Maryland by more than 25%.

## **Retirement Events**

SU Foundation funds may be used for retirement events but must be pre-approved by the SU Foundation. A budget for the event, description and a list of planned invitees should be provided as part of the pre-approval process.

## Unallowable Expenses

There are certain expenses that cannot be paid or reimbursed from SU Foundation funds. Although not all-inclusive, this checklist should provide helpful guidance:

- Personal expenses. If the expense is not incurred for a bona-fide business purpose it cannot be paid. Examples include:
  - travel expenses of family member that accompanies you on a business trip
  - hotel room movies or other personal entertainment or personal indulgence (spa or health club charges) while traveling
  - expenses related to celebrations of coworkers birthdays, weddings, births, graduations, holidays, or other events of a personal nature
- Purchase and/or maintenance of equipment located at home or other off-site location without express approval of the Chair, Dean, or Vice President
- Political contributions, including the purchase of tickets to attend a fundraiser
- First class airline tickets for any travel
- Business class airline tickets for domestic travel, but may be purchased for international travel if approved ahead of time
- Payments of fines, tickets, penalties, or finance charges
- Any portion of a tip exceeding 20% (of total bill)
- Donations to other charitable organizations, unless it is a de minimis amount (under \$150) given as an expression of condolence or sympathy
- Expenditures that may be considered extravagant and therefore might be misconstrued as a misuse of charitable funds. (for example, expenses to travel across the country for an Excel training class when the same class could be attended locally)
- Questionable items (expenditures without sufficient documentation or explanation and which might be misconstrued as a misuse of charitable funds)

***March 13, 2024: Reviewed & Approved by Full Board with Revisions***

***January 18, 2024: Reviewed & Approved by Executive Committee with Revisions***

***January 18, 2024: Reviewed & Approved by Audit Committee with Revisions***

***March 8, 2023: Reviewed & Approved by SU Foundation Board***

**Established and effective July 1, 2019**