

# Disbursement of Incoming Monies by NDSU Departments

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The purpose of this document is to provide guidance to departments in processing transactions under the appropriate entity in regards to the spending /disbursement of incoming gift monies received by the NDSU Development Foundation, as well as incoming gift monies received from an external entity to NDSU directly.

- NDSU and the NDSU Development Foundation are two separate legal entities. NDSU is a part of the state government of North Dakota, while the NDSU Development Foundation is a legally separate foundation, which is tax-exempt under IRS Section 501(c)(3). Since both entities fall under extensive legal and regulatory requirements, it is important to process transactions under the appropriate entity.

## Disbursement of Gift Monies – NDSU vs. NDSU Development Foundation:

In determining whether an expense should be paid directly by the Foundation or if it should first be paid by the NDSU department and then transferred to NDSU from the Foundation, the department should review the allow-ability of the expense by the University, as well as the purpose.

- If the expense is an allowable University expense, it is **required** to be paid by the University directly, with the department to complete an RFP to the Foundation for a transfer of funds.
- If the expense is an unallowable expense under NDUS and NDSU policies, or is **clearly not** related to University business, nor related to a student's education, then it may be paid directly from the Foundation; upon review and approval by both the Provost (or the units respective Vice President) and the Development Foundation.

## Gift Monies Held at Foundation:

The NDSU Development Foundation receives gift monies to be held at the foundation and properly disbursed to NDSU departments upon request for payment by the department. Per NDSU policy 803.3, when gift funds held at the NDSU Development Foundation are scheduled for expenditure in support of the donor's criteria, the necessary monies will be transferred to the University funds established for such purpose. The Foundation cannot originate payment for normal University functions since these expenditures belong on University accounts.

- In most cases, an NDSU department will incur an expenditure on NDSU funds and then complete the Development Foundations 'Request for Payment' (RFP) form to transfer the necessary monies from the Foundation to the University fund.
- Before disbursement can be made from the Foundation to a University fund, units within the Provost's division will need to obtain prior approval from the Provost; the Provost will need to sign the Foundations RFP. Units under other Vice Presidents, not reporting to the Provost, will need to obtain prior approval from their respective Vice President.
- Normally Foundation payments to NDSU will be receipted at NDSU in a department's unrestricted local fund under revenue account codes as follows:
  - Account code 478007 (Gifts from Related Foundations).
  - Account code 478015 (Capital Gifts from Related Foundations).

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- On occasion an NDSU department may receive payment with a letter from the NDSU Development Foundation stating there is a more restrictive purpose than just general support for the department. These Foundation gifts should not be comingled with other departmental unrestricted local funds and should be handled through the Grant & Contract Accounting Office. They should be deposited in a separate NDSU restricted gift fund (fund range 79000-79999) to better document compliance with the gift's restrictions (see the 'Deposits of Incoming Monies by NDSU Departments' guidelines for further information).

In some cases, certain expenses may be better processed directly through the NDSU Development Foundation; such as where a proposed expense does not meet the requirements of NDSU Policy. For example: NDUS and NDSU policy prohibits the purchase of alcoholic beverages from any source of funds, where the Foundation guidelines allow this in certain cases.

- Before disbursement's can be made from the Foundation to pay the expense **directly**, the department will need to send the signed Foundation RFP and the invoice to the NDSU Development Foundations Accounting Office. The Foundation will then review the expense to determine if the expense is in compliance with the Foundations policies as well as in compliance with the donor's intent of the gift monies.
- Direct charges to the NDSU Development Foundation by an NDSU department, such as charging a purchase at the NDSU Bookstore to the Foundation, **will only be allowed with prior approval** from the NDSU Development Foundation's VP for Finance/CFO or Controller, as well as approval for the purchase from the Provost or a respective Vice President. The department should have an email with approval from the Foundation to show the Bookstore before making the purchase.

### Gift Monies held in University Funds:

Gift monies received from an external entity (non-Foundation) directly deposited in a University fund (see the 'Deposits of Incoming Monies by NDSU Departments' guidelines for further information), needs to be spent out of the appropriate fund.

- The department is responsible for spending the gift as intended by the donor and matching the expenses to their related revenues.
- The department will want to be sure they are using the appropriate fund type – unrestricted local fund vs. restricted gift fund.
- The gift fund should not be overspent, causing a deficit in the fund.

### Examples (list is not all inclusive):

- **Expenses that may be paid directly by the NDSU Development foundation:**
  - Alcohol
  - Alumni related expense (dinners with alumni, state travel for ND visit of Alumni)
  - Fund raising/promotional expenses of Foundation
  - Coffee
  - Miscellaneous office expenses (not allowed by University funds)
  - Award Ceremonies or Event Related expenses, if the ceremony or event is sponsored by the foundation, or represented as a foundation event and not represented as an NDSU event

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- Student reimbursement expenses, if not related to University business and/or not related to education/program (review with the NDSU Accounting Office first)
  
- **Expenses paid directly by the University:**
  - Expenses on behalf of the University; University business
  - Payment for services on behalf of the University; contract service agreements and payroll
  - Promotional expenses, if promoting the University; see Accounting Office guidelines  
<http://www.ndsu.edu/accounting/ap/expenses/>
  - Registration, lodging and meals, if on University business, for employees, non-employees and students
  - Retirement gifts for employees; see eligibility requirements  
<http://www.legis.nd.gov/information/acdata/pdf/4-07-18.pdf>
  
- **Student expenses required to be reviewed by the NDSU Financial Aid Office:**
  - Expenses to reimburse current NDSU students for travel, lodging, meals, uniforms...that are related to the education and/or program of the student; may not necessarily be required for attaining their degree.
  - Prizes, gifts and awards received by the student, while enrolled at NDSU