



## FOUNDATION

### Northern State University Foundation Instructions: Expenditure Request for Payment

The NSU Foundation is an exempt charitable organization under Internal Revenue Code Section 501(c) (3). This classification exempts NSUF from federal income taxes and allows foundation donors a charitable federal tax deduction within charitable guidelines established by the IRS.

The IRS exemption is vital to NSUF's ability to perform its mission of securing the future of Northern State University. In order to retain this exemption, NSUF must follow IRS guidelines for all receipts and expenditures handles by NSUF.

The guidelines listed below are not all inclusive, but will help insure expenditures meet IRS guidelines, NSUF policies, and the policies of Northern State University.

#### **EXPENDITURES PROCEDURES**

Certain limitations apply to all 501(c) (3) organization expenditures. Expenditures cannot be made for the private benefit of individuals or organizations, for political campaign intervention, or legislative activities. In addition, the expenses must be for the benefit of NSU, as stated in the foundation's exempt purpose as "... dedicated to securing the future of Northern State University..."

Notes on NSUF expenditure process:

1. **Disallowed expenditures** – please review the list of disallowed expenditures, below.
2. **If in doubt, ask first** - We recommend you contact NSUF in advance if you have any questions about an expense to make sure it is an allowable expense that can be paid or reimbursed from a foundation account. The worst case scenario would be for an employee to make a purchase that cannot be reimbursed by the foundation.
3. **Examples of typically allowed expenditures** - unless on the disallowed list, below, normal expenses usually include:
  - Direct fundraising expenses
  - Special event expenses – fine arts competitions, academic contests, athletic events, etc.
  - Donor appreciation events approved in advance by NSUF
  - Other budgeted department expenses approved by NSUF through the annual budget process
4. Payment schedule – refer to the NSU Foundation Check Processing schedule for the bi-weekly schedule. Please plan your requests accordingly.

#### **DISALLOWED EXPENDITURES**

Examples of expenditures **not allowed** through foundation accounts include:

- **Compensation to any NSU employee.** All such transactions must be processed through the state payroll system. Compensation includes (but is not limited to) salary, bonuses, honorariums, and stipends. In certain circumstances, the Special Project account can reimburse NSU for certain payroll costs, but these situations must be approved in advance by both NSU and NSUF.



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- **Benefits or gifts for any NSU or NSUF employee.** Benefits include (but are not limited to) moving expenses, retirement gifts, going away gifts, memorials, etc. Some employee benefits paid by NSU may again, in certain circumstances, be reimbursed if approved in advance by both NSU and NSUF.
- **Gifts to any individual or family** that are not in exchange for services. Examples include memorial gifts, contributions to a fundraiser for medical or other personal expenses, gift cards, etc.
- 1. **Student payments of any kind, including scholarships, cash payments, gifts, and gift cards.** All student financial aid must be processed through the NSU Financial Aid office. All compensation for students must be processed through the NSU payroll system. Recent tax reform now disallows any gift to an employee or student that is cash or a cash equivalent such as a gift card, unless the gift is included in the employee's or student's wages. All such gifts are included in wages, regardless of the amount.
- **Gifts to another charitable organization.** The NSU Foundation exempt purpose, as determined by the IRS, is to serve Northern State University and NSU students. Payment to other charitable organizations might seem admirable, but the IRS does not allow such expenses from funds donated to the foundation from any source, include those made to Special Project accounts.

#### Procedures for Completing Form

1. Enter the vendor name ( the entity to which the expense is payable)
2. Enter the invoice amount. If the vendor did not include sales tax, please contact them for a corrected invoice.
3. Enter the date listed on the invoice (not today's date.) This is the date the expense will be recorded in your budgeted account. If this is not the date the item was actually put in use, please contact NSUF to discuss.
4. Enter your budgeted account number- you can list the account name but please list the number first.
5. Enter a brief description of the item- if the description on the invoice is accurate, you can say "See invoice."
6. Special instructions – we will mail payment to the vendor unless specifically instructed otherwise.
7. Requested by – enter your name and the date you are submitting the form
8. Approved by – the director or department head should sign and date the day they approve the form
9. NSU Finance office – approval on all NSU Special Project account payments >\$500 must go to the NSU Finance office before being submitted to the foundation.
10. Checks are processed every other week for all requests that are complete and received by the previous Wednesday by 5:00 pm. Please refer to the check processing schedule and time your requests accordingly.

*In order to facilitate processing, we will return paperwork to the original requestor if any of the documentation is inaccurate or incomplete. Thanks for your assistance!!*

*Updated 8.3.18*