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| SUBJECT: Statement on Development Related Expenses Responsible Authority: Asst. VP Finance and Administration, FAU Foundation, Inc. Scope: To ensure coordination and equitable use of limited Foundation funds for conducting fundraising on behalf of the Foundation and for the benefit of Florida Atlantic University | Effective Date: 11/03/2004 | Policy Number: 5 |
| | Supersedes: 20.1 | Page Of 1 3 |
| | Fund(s): BDG301 | |

Revised Date: 11/03/04, 11/07/04, 12/1/04, 5/10/05

To ensure coordination and equitable use of limited Foundation funds for conducting fundraising on behalf of the Foundation and for the benefit of Florida Atlantic University, the Foundation has designated fund BDG301 – Development Related Expenses to assist key university administrators with development related expenses.

*A **development related expense** is a business related expense that identifies, informs, cultivates, engages or stewards potential prospects, alumni, donors or friends with the sole purpose of promoting FAU and securing future gifts for the benefit of FAU in furtherance of its educational missions and purposes.*

BDG301– Development Related Expense

To assist with expenses associated with any fundraising/development activity conducted on behalf of FAU for the exclusive benefit of FAU and with a defined fundraising purpose and outcome. Development Related Activities (DRA) usually fall within the following categories

Cultivation:

The process of exposing prospective donors to University activities, people, needs and plans to the point where they become interested enough in the University’s purposes and goals to be considered a potential donor in the near future. Can include:

1. Meals (breakfast, lunch or dinner with the prospect).
2. Tour of campus with potential prospects.
3. Meetings to discuss fundraising objectives/priorities

Stewardship:

The process of thanking donors for their support and informing them on the use of their gift and the benefits it provides to FAU. Can include:

1. Meals (breakfast, lunch or dinner with the prospect).
2. Acknowledgement or recognition activities (as limited by IRS guidelines).
3. Meetings to discuss future fundraising objective/priorities

To be reimbursed by the Foundation, the expense must:

- be considered a legitimate business expense from a reasonable business activity (see Foundation's Disbursement guidelines for more information),
- be an ordinary expense that is common and accepted in development/fundraising
- exclusively benefit FAU,
- not provide for a personal or fringe benefit,
- comply with all applicable State statutes and IRS codes and regulations, and
- have **proper substantiation**.

According to the IRS, no payment or reimbursement for a development related expense **shall be allowed unless** the person seeking payment or reimbursement for a legitimate development expense from the Foundation substantiates by adequate records or by sufficient evidence corroborating:

1. the **amount** of such expense
2. the **date, description and place** of any travel, meal, transportation, entertainment, amusement, recreation, University related gift, etc.
3. the **business purpose** of the expense including the topic of discussion, and
4. the **business relationship** to FAU of persons entertained or receiving a gift and how it benefits FAU, and
5. the **names** and relationships of all attendees.

The Foundation Disbursement Policy will apply. The Foundation adheres to the IRS Accountable Plan for business related reimbursements. Any expense that fails to meet the requirements of the IRS accountability plan can either be refused; or can be treated as being reimbursed under the non-accountable plan and will be included as wages, salary, or other pay on the employees W-2. Departments listed below will have an annual appropriation of \$250. All cultivation and stewardship activities should be recorded in Raiser's Edge as an action item. A prospect researcher will follow-up on all activities paid from this fund.

Departments participating in this fund:

Arts and Letters
Broward Campuses
Design and Social Inquiry
Engineering
Jupiter Campus
Library
Provost
Science

Athletics
Business
Education
Honors
Medicine
Nursing
Research and Graduate Studies
Student Affairs

FAU Foundation

Initiating Authority:

Interim Chief Executive Officer

Signature: _____ Date: _____

Name: David Kian

Chairman

Signature: _____ Date: _____

Name: Patricia McKay

Asst. VP Finance and Administration

Signature: _____ Date: _____

Name: Sharon Brown