



FLORIDA ATLANTIC UNIVERSITY

Foundation Board

POLICY NUMBER Finance and Accounting - 4	EFFECTIVE DATE 9/24/2025
SUBJECT General Spending and Expenditures	HISTORY Replaces Policy #5 5-10-2005 and #6 8-28-2016

PURPOSE

Florida Atlantic University Foundation, Inc. (Foundation) is a direct support organization of Florida Atlantic University (FAU) pursuant to F.S. 1004.28; a tax-exempt organization pursuant to Section 501 (c) (3) of the Internal Revenue Code (IRC); and a not-for-profit corporation pursuant Chapter 617, Florida Statutes. The following policy includes controls and legal and administrative guidelines to ensure the proper expenditure of Foundation funds and the Foundation's compliance with applicable law and any applicable FAU policies and procedures.

This policy applies to the expenditure of Foundation funds only. When an FAU unit is authorized to expend Foundation funds on behalf of FAU, the unit complies with FAU's policies and procedures for the expenditure of such funds, including any competitive solicitation requirements for purchases of goods, services, software or equipment. When the Foundation is expending funds in support of its operations, fundraising/development, alumni affairs or other expenditures authorized by the Foundation's CEO or designee, the Foundation's CEO or designee will determine the requirements, if any, that will apply to the expenditure beyond the requirements set forth in applicable Foundation policies, including this policy. For example, the Foundation may elect to utilize FAU's competitive solicitation policy requirements and processes for large purchases. This policy does not apply to transfers of funds from the Foundation to FAU, which are approved by the Foundation's Board of Directors as part of the annual budget and otherwise from time to time.

I. General Rules Applicable to All Foundation Expenditures

A. Allowable Expenditures

Overall, for an expenditure to be allowable, it must:

1. Be for the benefit and related to the mission of FAU and/or the Foundation.
2. Be ordinary and necessary in accordance with IRC Section 162(a) and accompany regulations for business expenses.

3. Be in compliance with applicable federal and state statutes, regulations, FAU and/or Foundation policy.
4. Be consistent with the purposes and restrictions applicable to the Foundation fund being utilized to pay the expenditure (i.e., not be inconsistent with donor intent); and
5. Not jeopardize, or be inconsistent with, the Foundation's status as a tax-exempt organization under Section 501 (c) (3) of the IRC.

II. Responsibility

A. Gift Administrator - Deans or directors act as or authorize a cost center manager who acts as the gift administrator (See Foundation Gift Funds – Establishing, Maintaining and Closing for Fund definition). Gift administrators oversee and designate the use of spendable resources consistent with the specified intent of the donor. Gift administrators are responsible for the following:

1. Budget management – Ensure adequate cash in the fund for disbursements. The gift administrator is responsible for requesting budget amendments and has authority in the University ERP System (Workday) to approve transactions.
2. Approval - Authorizing and approving expenditure requests in the University ERP system (Workday). This approval should ensure the requirements of this policy are followed, specifically confirming the business justification, and the expenditure does not jeopardize the Foundation's tax-exempt status.
3. Compliance - Exercising ethical prudence and ensuring compliance with the donor's intent and applicable policies. Expenditure decisions must be made without conflict of interest or personal benefit to any University faculty or staff.
4. Value – Exercise good judgement to obtain the best value for the requested goods or services
5. Documentation – Ensure each transaction clearly states the business purpose and justification and includes appropriate documentation to support that purpose, as per the policies below.

Expenditures or payments to FAU employees must be approved by their direct supervisors (or designee) as per university policy.

A. Ensuring Compliance

1. Documenting Business Purpose and Justification/ Receipts

The Foundation requires documentation justifying the business purpose of the expenditure. A clear business purpose provides the justification that the expenditure supports or advances the goals, objectives and mission of FAU or the Foundation, as well as identifying compliance with the purpose and any restrictions on the funds. Generally, all transactions should clearly explain and document who, what, where, when and why for the expenditure.

Original, detailed, vendor generated supporting documentation (invoices, receipts, work orders) must be submitted with each Foundation funded expense. For reimbursement requests, other proof of payment may be requested, such as a cancelled check. Vendor or credit card statements,

and documents created by machine learning or artificial intelligence will not be accepted. Examples of required items are meeting or conference agendas, names of individuals in attendance and/or flyers promoting the specific event.

If an original receipt has been lost, a *Replacement Receipt Form (Attachment A)*, must be completed, signed and attached to the transaction in the Foundation's accounting system (currently, Workday).

B. Internal Controls Environment

1. The Foundation generally relies on the FAU internal controls and policies related to the authorization of expenditures from Foundation funds. Notwithstanding the foregoing, the Foundation Finance Office may require further justification or approval to ensure expenditures which do or may raise questions about the rules above (including allowability and reasonableness) from the Foundation Finance Office staff above approving payment. For example, the Foundation may require Deans or Directors to approve expenditures < \$5,000 and Vice Presidents or the Provost to approve expenditures > \$5,000.
2. The Foundation Finance Office staff may also elect to have certain expenditures approved by the Foundation's CFO, CEO or Executive Committee.

C. Expenditures Not Payable from Foundation Funds

The following is a list of expenditures that may NOT be paid from Foundation funds:

1. Items intended for the personal benefit of an individual for whom the expenditure is being made (not donors),
2. Support/contributions for political campaign activity,
3. Fines, penalties, traffic or parking tickets,
4. Private country, social or athletic club memberships,
5. Donations to charities, that are not tied to sponsorships or tickets to community events.

III. Additional Considerations Applicable to Certain Types of Foundation Funds

A. Eminent Scholar or Faculty Endowed Funds

Eminent Scholar funds (which have been matched by the State of Florida) or faculty endowed funds require that the funds be used to support the work of the Eminent Scholar or faculty. Unless specified otherwise when the fund was established by the donor, funds may be used for salaries or supplemental salaries for the chair holder and/or those individuals directly associated with the chair holder's scholarly work and for expenditure directly related to their scholarly work. Allowable expenditures also include expenses related to the professor's scholarly work and/or research. All expenditures from these funds must explicitly state how the expenditure supports the work of the faculty position. No expenditure will be allowed for the chair holder's personal benefit or general use/expenses of the department/division. When the chair position is vacant, funds may be used for recruiting prospective chair holders and paying salary support for interim chairs.

B. Scholarship/Student Assistance Funds

Scholarships or any other student assistance, such as stipends or awards, are awarded and processed per FAU policy and guidelines ([Student Payments | Florida Atlantic University](https://www.fau.edu/controllers-office/tax-services/student-payments) <https://www.fau.edu/controllers-office/tax-services/student-payments>). There are different types of assistance offered to students and IRC statutes and related regulations for determining whether

the assistance is qualified or non-qualified, and the appropriate tax reporting. Student assistance with a work requirement must be processed through FAU's payroll. The Foundation does not make payments directly to students and all student assistance must be approved by the Financial Aid office and reported through Tuition and Billing.

Awarding FAU departments are responsible for ensuring that students selected to receive assistance meet any donor criteria for receiving the award. Awarding departments should adhere to the following guidelines:

1. Need Based Eligibility – Confirm with the Financial Aid office that students meet any need-based eligibility requirements.
2. Amount / Number of Scholarship Awards – Adhere to any maximum dollar amount established by the donor when awarding scholarships as well as any donor requirements on the number of scholarships to be awarded or the number of years a scholarship should be awarded.
3. Non-discrimination – Do not discriminate in violation of law in the selection of awardees.
4. Independence – Ensure FAU selects all awardees. Departments may receive input from others, including donors, in the selection of candidates but the FAU department must make the final decision on awards.

If the donor did not establish any restrictions, the FAU department administering the scholarship fund may determine the selection criteria, award amount and number of scholarships to be awarded.

IV. Additional Considerations for Specific Types of Expenditures

A. Purchases Subject to Sales Taxes

The Foundation is exempt from the payment of sales taxes and FAU is immune from the payment of sales taxes. As such the Foundation does not pay sales taxes on purchases. FAU units making purchases with Foundation funds are required to utilize FAU's sale tax exemption certificate when making the purchase. The Foundation's sales tax exemption certificate is utilized when purchases are made on behalf of the Foundation. Every effort must be made to claim the sales tax exemption, including paying vendors directly with a purchase order or purchasing card. In cases when the only option is to use a personal credit card, purchases are not eligible for the sales tax exemption and may be considered an allowable expense, depending on the circumstances.

B. Expenditures in Excess of \$1,000,000 for the Purchase of Goods, Services, Real Property and/or Construction or Renovation of Facilities

Purchase of goods, services, real property and/or construction or renovation of facilities in excess of \$1,000,000 must be approved in advance by the FAU Board of Trustees unless the transaction is solely between FAU and the Foundation or the Foundation and another FAU direct support organization.

C. Travel

Travel expenses of FAU departments may be paid from Foundation funds. Travel expenses of FAU departments must comply with all applicable FAU policies [insert link]. In particular, FAU follows F.S. 112.061 related to per diem and travel expenses of public officers, employees and authorized people, and thus travel expenses paid by the Foundation must comply with F.S. 112.061. Pre-Approval, via Spend Authorization, is required for all travel to be paid from Foundation funds.

Business Meals, Events and Entertainment

Foundation funds may also be used to pay for meals, events and entertainment expenses incurred while conducting official FAU or Foundation business, such as engaging with donors or external community members and faculty or staff. All expenses must directly benefit FAU or the Foundation, as applicable, and be sufficiently documented, such as itemized vendor invoice and/or receipt and meeting agenda or description/purpose of the meeting and list the individual attendees. Meals and entertainment must be reasonable and appropriate for the purpose of the business being conducted.

1. *Business Meals*

Business meals are allowable when conducting official business, such as engaging donors or external community members and faculty or staff. The amounts expended should be reasonable and appropriate and be limited to those necessary to achieve business purposes. Unless otherwise approved in writing by the CEO, the maximum allowable amount for meals is \$50 for breakfast per person or lunch and \$100 per person for dinner (not including drinks and gratuity). Alcohol is also allowable if it is customary and reasonable while conducting the business. An appropriate and acceptable level of gratuity or tip should range from 15% to a maximum of 25% of the total bill. Business meals limited to FAU staff and faculty are allowable with a business purpose. Morale and camaraderie are generally not business purposes. These types of meetings that include meals among staff and faculty should generally be conducted during business hours and not be regularly provided or routine.

2. *Events*

Meals and refreshments at FAU or Foundation events that require third-party catering must be reasonably priced as customary for the venue and appropriate for the occasion and audience. On-campus events must be conducted in accordance with University Business Services policies and procedures, including alcohol approval forms and licensing requirements.

3. *Entertainment*

Entertainment expenses such as tickets to sports or theatre events should be limited to events with donors or prospects. Advancement personnel must accompany the donor or prospect to engage, steward or cultivate the donor. If Advancement personnel are not in attendance, then the expense is considered a gift to the donor.

4. *Expenses of Spouses*

The cost of business meals, events, entertainment or travel for a spouse is allowable when there is a clear business purpose, where a prospective donor, volunteer or external guest is in attendance, rather than for personal or social purposes. Justification for the spouse attendance/expense must be clearly documented. Spouses are considered FAU volunteers during the meal, event or activity with the purpose of promoting FAU.

5. *Gifts to Donors/Non-Employees*

Gifts and recognition to cultivate and engage donors or prospective donors as is customary may be paid from Foundation funds but only when presented on behalf of FAU and/or the Foundation. Donor gifts should be coordinated through the Division of Institutional Advancement, Office of Donor Relations, to achieve a streamlined approach to donor stewardship. Gifts that are not connected to a specific charitable contribution (i.e. flowers, condolence arrangements, logo apparel and seasonable baskets) up to \$300 per donor per fiscal

year may be paid from Foundation funds. Gifts above \$300 must demonstrate a connection to a strategic stewardship or prospect plan and be approved by the Foundation's CFO. Personal gifts from individuals are not reimbursable from Foundation funds.

6. *Gifts to Employees*

Foundation funds may be used to give awards to, and/or purchase gifts for, FAU employees. Such awards and/or gifts must be given consistently with FAU policies located at <https://www.fau.edu/controllers-office/documents/payroll/de-minimis-gifts-guidelines9-2-25.pdf> to be eligible for payment by the Foundation. Consistent with FAU policies, Foundation funds may not be expended for gifts or events to commemorate personal events, such as birthdays, weddings, anniversaries, and baby showers. Justification must demonstrate that giving the items were in the best interest of the FAU and/or Foundation.

D. Non-Deductible Portions of Charitable Contributions and Quid Pro Quo Rules

The Foundation follows the IRC and related Treasury regulations, and IRS guidelines related to contributions that are partly donative and partly in exchange for goods and services.

- a. *Quid Pro Quo Contributions.* A quid pro quo contribution is a payment made by a donor partly as a contribution and partly in exchange for goods and services provided to the donor. In connection with quid pro contributions in excess of \$75, the Foundation provides a written statement informing the donor of the Foundation's good faith estimate of fair market value of the items or services provided in conjunction with the contribution (ie event tickets for \$200 are paid by a donor and a good faith estimate of the food and beverage fair market value of \$100 is provided by the Foundation) and informs the donor that the amount of the contribution that is deductible is limited to the difference between the donor's contribution and the value of good and services provided by the Foundation.
- b. *De Minimis, Token Goods and Services.* De minimis, token goods or services (such as key chains and bumper stickers and certain membership benefits) provided to donors are not considered quid pro quo contributions and are not subject to the requirements for quid pro quo contributions. See Rev. Proc. 90-12 and Rev. Proc. 92-49 for guidelines related to insubstantial fair market value.

E. Payments to Non-Residents and Non-US Based Individuals and Entities

Due to the complexities and variety of rules pertaining to payments to non-resident aliens and non-US based individuals and entities, while Foundation funds may be used, all payments, even those for the benefit of the Foundation, are paid through FAU company to ensure compliance.

RESPONSIBLE AUTHORITY

Questions about this policy should be directed to the CFO of the Foundation.

FAU FOUNDATION

For signature of the Foundation's secretary

Approved by the Executive Committee on the 24th day of September, 2025.

DocuSigned by:

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Secretary, Florida Atlantic University Foundation, Inc.