

The Lander Foundation

Disbursements Policy

POLICY STATEMENT (R)

The Lander Foundation receives, manages and disburses funds provided by our generous donors in order to further the mission of Lander University. The Foundation and authorized users of these funds must be good stewards of these assets and ensure that they are used in a reasonable, prudent manner in furtherance of the University's mission and in comportment with donor restrictions. All expenditures must have a valid business purpose and must be reasonable. While reasonableness is always a question of judgment, several guidelines are applicable: what other reasonable persons would do in the same situation, what the donor would consider reasonable, what the mass media press would consider reasonable.

Expenses incurred on behalf of the University's or Foundation's tax exempt purposes may be paid or reimbursed from Foundation accounts (projects) if the appropriate conditions are met.

This policy and associated procedures address the necessary topics related to disbursements made by the Foundation. This policy does not address:

- Salary expenses reimbursed to the University
- Student scholarship expenses reimbursed to the University
- Research expenses reimbursed to the University
- Building construction and renovation expenses reimbursed to the University

Three overarching tests must be passed before an expense will be considered for disbursement:

1. Is the expense allowed by Foundation policy?
2. Does the source of the funding (project) have donor, Board, or management-imposed restrictions that will be fulfilled by the nature of the expense?
3. will there be an available cash balance in the project?

PROHIBITED DISBURSEMENTS

The Lander Foundation has a fiduciary responsibility to its donors to ensure that donations received are used according to the donor's intent and for an appropriate business-related expense. Accordingly, the following is a list of expenses that will not be paid or reimbursed through The Foundation. This list is not intended to be all inclusive and may be updated as circumstances dictate:

- Foundation funds may not be used to further the political or religious aspirations of an individual or group. The Internal Revenue Service specifically prohibits the Foundation from participating in, or intervening in, any political campaign on behalf of any candidate for public office.

- Cash donations to other charitable organizations are prohibited. Payment for tickets to charitable events where a meal or other entertainment is provided will be allowed if attendance at the event serves a benefit to the University or Foundation, such as in cultivating or soliciting donations.
- Foundation funds may not be used to pay penalties, fines, and citations for moving and non-moving violations, tickets, or late fees or finance charges due to late payments.
- Parking decals may not be purchased with Foundation funds. Exceptions may be made for major donors as deemed necessary by University administration.
- Salary payments or bonuses to University employees will not be paid directly to the employee by the Foundation. Funds may be transferred from a Foundation account to the University to fund salaries or bonuses in order to ensure that the income is reported on the employee's W-2 form issued through the University.
- Any travel or business expense that the University or any other party/entity has reimbursed or will reimburse shall not be reimbursed by the Foundation (i.e., no "double dipping").
- Scholarships to University students will not be paid directly by the Foundation. Funds will be paid to the University to support student scholarships.
- Furniture or other office supplies intended for a home office will not be paid through the Foundation. Foundation funds may not be used to purchase furniture and/or equipment for a University office that is deemed not to be business-related, customary, or reasonable.
- Advances, whether for travel purposes or to make purchases, will not be provided by Foundation funds. All business-related expenses incurred must be paid or reimbursed after the fact. This policy does not pertain to group travel and will be reviewed by the CFO on a case-by-case basis.
- Visa application fees for University personnel traveling to foreign countries on official business may be reimbursed.
- Visa applications fees for foreign travelers coming to the United States will not be reimbursed.
- Passport application fees and photos will not be paid or reimbursed through the Foundation.
- Expenses that may appear to be personal perquisites ("perks") with no benefit to the University or the Foundation will not be paid from Foundation funds.
- Foundation funds may not be used to pay for professional license fees, professional memberships, or personal and club memberships that are not directly related to the employee's job function or that are not required as a condition of employment.
- Cell phones and monthly service bills will not be paid through the Foundation.
- Costs related to obtaining or maintaining home internet connections will not be paid from Foundation funds.
- Expenses for personal grooming, dry cleaning, shoe shine, alterations, or other personal needs will not be paid through the Foundation.

DONOR RESTRICTIONS

Projects identified as the funding sources for expenses may have restrictions imposed by the donor(s), Board of Directors, or management. In cases where there is no explicit gift agreement or Board action, the restriction on the project will be based on the content of any solicitations or communications made to potential donors at the time of the donation. These include invitations to events, direct mail materials, and emails to donors, event publications, and other materials from the timeframe of the gift solicitations.

Proposed disbursements must adhere to the project's restrictions. Any requests for payment of expenses that are not consistent with these restrictions will be rejected unless there is written communication from the donor lifting or modifying the restriction preventing the disbursement.

AVAILABLE CASH

No funds will be advanced for any purpose prior to receipt of the donation intended to fund the expense. If a project does not have sufficient cash to fund the requested disbursement, the expense will not be paid from Foundation funds.

SPECIFIC EXPENSES

The nature of the expense will determine the necessary disbursement limitations, procedures, approvals, and documentation needed.

Expenses will be considered in the following categories:

1. Travel-Related Expenses or Reimbursements
2. Non-Travel-Related Meal Expenses or Reimbursements
3. Gifts and Awards
4. Events
5. Honoraria
6. Athletic Tickets
7. Memberships
8. All Other Expenses

In addition to any requirements detailed below, the following minimum standards applicable to all types of expenses (both employee reimbursement and payment to vendor):

- At a minimum, an organizational approver will be required to approve the expenditure.
- Sufficient documentation must be provided to the Foundation to support the business purpose of the expenditure and to verify compliance with project restrictions and all other applicable University policies.
- Non-employee payees shall be set up as vendors in the University's payables system.
- Disbursements will be made by a check mailed to the vendor; checks will not be held for pick-up unless, in rare instances, approved by the Foundation controller with a demonstrated business need.
- In order to receive reimbursement, Foundation employees must produce and log a report of all donor and prospect business meetings including attendees, purpose, solicitation and/or cultivation strategy, and next steps in solicitation for a gift to the Foundation. In addition, employees must present a copy of the invitation from Outlook that was accepted and confirmed by the prospect/donor, or a similar written confirmation of the meeting from the prospect/donor.

Reimbursements will not be processed if the employee fails to produce receipts. If a receipt is lost, a memorandum approved by the employee's supervisor must accompany the request for reimbursement. Loss of more than two receipts in any 12-month period will constitute a failure in the dimension of accountability as defined in the administrative staff member's annual performance review, and further reimbursements will not be processed for the individual until a corrective action plan has been submitted via the individual's supervisor.

Travel

Foundation funds may be used to reimburse University employees for travel-related expenses incurred while conducting business for the benefit of the University and shall be reimbursed as supplemental funds to University E&G funds. The following reimbursable travel expenses and requirements are supplemental to the University Travel Expense Policy and the Lander University Controller's Office Travel & Expense Procedures Manual, which are the bases for this policy.

The Lander Foundation does not advance funds for any type of travel expense. Travel expenses will either be reimbursed after the expense has been paid, or direct payment will be made to the vendor.

The University and Foundation encourage the use of University-preferred travel vendors for all travel needs and use state contracts for car rentals.

Expenses paid that could be deemed as a personal expense by the Internal Revenue Service will generate the issuance of a 1099 form, which the traveler must report as income.

Air Fare

Air travel will be reimbursed at reasonable coach air fare rates.

The Foundation will provide reimbursement for checked baggage of up to one bag and for one carry-on in which the employee must pay for on the flight.

The Foundation does not reimburse for travel upgrades of any kind (e.g., business class or first class, economy comfort) or club passes or travel or airline club memberships.

The Foundation will not reimburse trip insurance or baggage insurance, which would provide reimbursement in cases of travel cancellation or interruption. Exceptions may be made in cases of where a clear benefit to the Foundation is demonstrated due to the large number of travelers and uncertainty in plans.

Lodging

Lodging expenses for the cost of the room, applicable taxes, and hotel parking for business-related travel and within the dates for the business travel matter will be reimbursed.

Every effort should be made to obtain the most economical lodging rate. Lodging cannot exceed twice the United States government federal domestic lodging rate or the foreign federal lodging rates, determined by locale.

The only exception to these rates will be if the lodging is booked at the hotel associated with a conference. The employee must review available lodging alternatives nearby, and evaluate the costs of time and commuting daily to and from the conference. If those costs exceed the conference hotel rate, then the

employee may be able to utilize and receive reimbursement for lodging at the conference location. These lodging costs must be reviewed on a case-by-case basis by the VP of University Advancement and Executive Director of the Foundation.

Local Lodging

Local lodging within 50 miles of the employee's residence will be reimbursed if a University or Foundation business meeting requires lodging due to continuity of the meeting between days, there is a valid health reason after or during a meeting, or there is an extenuating circumstance after or during a meeting. Every effort should be made to obtain the most economical lodging rate. Lodging cannot exceed twice the United States government federal domestic lodging rate. Authorization from the Vice President of University Advancement is required for any lodging within 50 miles of the employee's residence.

Other Expenses Typically on Lodging Bills

Charges for items deemed personal (i.e., movies, mini-bar or other hotel amenities) will not be reimbursed by the Foundation. Any additional charges on the itemized bill for which reimbursement is being requested must be separately justified.

Laundry or dry cleaning expenses for international trips or travel longer than 7 days may be reimbursed. Employees should seek to utilize the most economical vendor for laundry and/or dry cleaning outside of hotel services. Longer term housing payments or subsidies are not travel-related expenses and are outside the scope of the travel expense policy. Generally speaking, any housing payments or subsidies are fully taxable to the person receiving the benefit of the payment/subsidy, even if the payment was to a vendor.

Meals/Per Diem

While in domestic travel status, for traveler's meals when not conducting business with other people, the University's rate meal allowance applies.

In-State rates:

Breakfast - \$6

Lunch - \$7

Dinner - \$12

Out-of-State rates:

Breakfast - \$7

Lunch - \$9

Dinner - \$16

For business meals during travel, see the policy on business meal expenses.

If no itemized bills are submitted for lodging and business meals during domestic travel, travelers will be reimbursed at the state's per diem rate if travel status is not an entire day (24 hours). This is inclusive of the meal rate. If no itemized bills are submitted for lodging and business meals during foreign travel, travelers will be reimbursed at the flat per diem rate as provided for the U.S. Department of State.

Incidentals & Other Transportation

Expenses necessary to complete official business (e.g., tolls and parking fees) will be reimbursed.

Other travel expenses necessary to complete official business (e.g., taxis, bus, shuttle, and/or train) is reimbursed by the Foundation.

Tips associated with taxis and vans, valet parking, and portage charges will be reimbursed up to 20% of fare/charge.

Private automobile service expenses will not be reimbursed unless pre-approved by a University Vice President or higher and a relevant business purpose for the service is documented in writing. Convenience is not a sufficient business purpose.

Car Rental

The Foundation will reimburse car rental expenses under the same process as the University Travel Expense Policy. It is important to follow the University policy on car rental insurance for state contract rentals within the State of South Carolina. The Foundation will not reimburse insurance coverage for in-state rentals beyond the University travel/state contract limits. When renting a car in the State of South Carolina, a traveler must use the state-contracted vendor. When renting cars generally, the traveler must rent compact cars. Upgrade of one size level may be approved by a University Vice President or above with a clearly articulated valid business purpose. When the traveler is carrying work-related cargo of a significant amount beyond his or her own suitcase or if the traveler is driving several other University authorized travelers for business purposes, a larger-sized vehicles may be rented.

For travelers using their personally owned vehicles (POV), reimbursement will be calculated on mileage at the Lander University-approved rate. The Foundation reserves the right to reimburse a traveler less than the mileage amount if travel could have been conducted more economically using a round trip commercial flight and rental car to accomplish the same travel objective. Documented medical conditions or a valid business purpose for extended travel in a privately owned vehicle may be approved by a University Vice President.

Airport parking is permitted for the duration of an approved business trip if the cost is less than taxi fare to and from the airport from home or work place, whichever is applicable, and is reimbursable with a receipt.

Cancellation/Penalty

Cancellation/penalty fees or excess expense may be reimbursed for changing travel plans due to the accommodation of University needs. It is the responsibility of the traveler to substantiate that the charges were proper and necessary via a memo that is approved by a University Vice President or higher.

Costs incurred for changing travel plans due to personal reasons or for the convenience of the traveler will not be reimbursed.

Guest Travel

Foundation funds may be used for reimbursement of travel expenses related to a guest or non-University employee for business-related expenses if the reimbursement does not conflict with the purpose or donor restrictions associated with the Foundation account to be charged. Non-employees would include consultants, lecturers, employment candidates, donors, etc. Covered expenses would include the same business-related expenses applicable to University employees.

Travel expenses for a spouse will be covered if there is a legitimate business purpose that must be specified (i.e., when the presence of the spouse is considered helpful to a fundraising effort or to participate in events at which spouses of prospects, donors, etc. are in attendance) and approved by the University Vice President of the designated area.

Both guest and spousal travel must be pre-approved via appropriate travel authorization. Any guest or spousal travel not pre-approved will not be reimbursed, and a 1099 form will be issued to all spouses and guests if annual travel expense reimbursement exceeds \$600.

Business Meals

This policy shall be followed by the University Community regarding the reimbursement or payment by Foundation funds used for business meal expenses.

Business meals are not events. Business meals typically feature discussion, usually of a private or semi-private nature, and are usually small in scale. Events are defined as gatherings that include a programmatic component (e.g., a lecture, musical performance, award ceremony) of a semi-public or public nature.

Business meals and events share certain features:

- Potential attendance by non-University employees
- Serving of a meal

This policy covers business meals, but not events.

Alcohol is an allowable and reimbursable Lander Foundation expense during a business meal. However, an employee should consume alcohol responsibly and with moderation at any such event, and consumption of alcohol must not interfere with the performance of the employee's duties and responsibilities related to employment.

Business meals shall be reimbursed within the limits set forth in The Lander Foundation Employee Business Meal Reimbursement Procedure provided they support a University purpose, the expense is in accordance with donor restrictions, there are sufficient funds in the specific Foundation account, and the authorized signer approves the invoice for the employee reimbursement. The Lander Foundation does not advance funds for any type of expense. Expenses will either be reimbursed after the expense has been paid, or direct payment will be made to the vendor. The amount to be reimbursed will be the lesser of the actual expense incurred or the specified limit.

Gift Policy Statement

Expenses related to gifts offered to a University employee, non-employee, donor, or charitable organization may be funded from a Foundation account. Gift expenses shall be reimbursed within the limits described in The Lander Foundation Gift Reimbursement Procedure, provided that they support a University purpose, the expense is in accordance with donor restrictions, there are sufficient funds in the specific Foundation account, and the authorized signer approves the invoice for the employee reimbursement. The Lander Foundation has the obligation to comply with IRS regulations regarding gifts to employees. The Lander Foundation does not advance funds, except for deposit-type expenses that include a detailed invoice from a vendor. Expenses will either be reimbursed after the expense has been paid, or direct payment will be made to the vendor. The amount to be reimbursed will be the lesser of the actual expense incurred or the specified limit. Some gift expenses (based on the value of the gift, the purpose of the gift, or the recipient of the gift) are not appropriate uses of Foundation funds and therefore will not be reimbursed with Foundation funds.

All authorized signers approving invoices must be more senior in the University than the employee being reimbursed or the employee responsible for payment to a vendor, except for invoices for the University President. The University Chief Financial Officer will approve the University President's invoices that pertain to gifts. All reimbursement payments for gifts must be reasonable, of prudent use, and within the mission of the Foundation. Any gifts to a donor greater than \$150 must be approved by the University President, Provost, or area Vice President.

Events

Events are not business meals. Events may or may not include a business meal. By definition, events include programming beyond discussion during a meal. Examples of programming include: speakers, awards, student/faculty demonstrations; panel discussions; product previews; research posters; competitions; film screenings; art exhibits; tours; organized and/or participatory activities (e.g., golf outings); and so forth. For events hosted by the University, expenses will typically include venue rental and insurance costs; staging costs (e.g., lighting, video, audio, stage); expenses for decorations and furniture set up; expenses for parking; expenses associated with printing/mailing of flyers and invitations; expenses associated with entertainment; expenses to reimburse the travel of guests/presenters; as well as expenses for food and beverages.

In general, the food/beverage component of an event should not exceed the per-person limits of the business meal expense reimbursement unless the event is a school- or University-wide black-tie event.

If the event is an employee recognition event, the following limitations will apply for the food/beverage component. A per-person meal expense incurred as part of an "employee appreciation" event (e.g., a holiday luncheon, a retirement reception, an award ceremony, a special morale affair, or a celebration of achieving departmental goals to which employees of the department are invited) will be capped at \$30. The "employee appreciation" per diem cap rates are inclusive of food, beverages, and tax. Tips are exclusive of the per diem cap, but shall not exceed 20% of the bill.

Non-Lander University events are those events created and hosted by independent legal entities that are not Lander University or one of its Direct Support Organizations. Cash donations to other charitable organizations are prohibited. Donating to other charitable organizations constitutes the redirection of donated funds intended to support the mission of Lander University. Payment for tickets to charitable events where a meal or other entertainment is provided may be reimbursed or paid if attendance to the event serves a Foundation or University business purpose.

Honoraria

All honoraria are to be processed through the University following the requirements of the University procurement manual.

Gift Cards

All gift cards are to be processed through the University. The University purchasing card policy does not allow the purchasing card to be used to purchase gift cards.

Athletics Tickets

Athletics tickets for donors fall into two categories:

- Tickets related to a donation
- Tickets used as part of cultivation or stewardship (gift to donors)

Tickets for donors are expensed to projects controlled by Athletics using different criteria for each category identified above.

In the case of tickets related directly to a donation, where the expense is incurred in the same project as the contribution revenue, the documentation to support the expense must include a copy of the tax receipt issued by University Advancement to the donor stating the fair market value of the tickets as required by the federal revenue code and explained in IRS Publications 526 and 1771. The expense shown on the voucher (or unencumbered payment form) for the ticket must match the fair market value shown on the donor receipt, and both must be capable of substantiation by other written, readily available data. If the gift receipt issued to a donor does not show the fair market value of the ticket (i.e., there is no quid pro quo as defined in a gift agreement or membership form), then the tickets cannot be expensed in the project funded by the donor's contribution.

If there is no contractual agreement or membership form, then the tickets must be considered to be part of the second category, fundraising expense as a part of cultivation or stewardship and must be expensed in a discretionary fund not related to the contribution receivable. This latter category should be rare, and the department should be ready to demonstrate the cultivation or stewardship purpose achieved. This latter category is subject to the section of this policy/procedure that relates to gifts to donors.

Memberships

Memberships for employees that are part of an employee's job functions, and/or serve the employee in conducting official business and fundraising activities for the University, shall be reimbursed with approval from the appropriate University Vice President or the University President in the case of Vice Presidents.

RELATED INFORMATION (O)

Lander Foundation Travel Reimbursement Procedure University Travel Expense Policy

Lander University Procurement Manual (Online)

CONTACTS (R)

The Lander Foundation Office
320 Stanley Avenue
Greenwood, SC 29649
(864) 388-8350

DEFINITION (R)

N/A

RESPONSIBILITIES (O)

The Lander Foundation, Inc. – Monitor, review and facilitate reimbursement
Supervisors and/or authorized signers approving travel - Responsible for enforcing this policy
University Community, University President – Adherence to policy

*R = Required *O = Optional