

Basic Guidelines for the Use of Funds Held at Purdue Research Foundation

(Supersedes January 31, 2000 Guidelines)

West Lafayette Campus

November 1, 2003

Background: School Discretionary and Institutional Program (SDIP) funds are unrestricted charitable contributions made by alumni, friends, corporations, staff, and faculty. These contributions are donated to fund expenditures that will enhance program and departmental missions, goals and objectives.

Philosophy: Good stewardship of funds includes expending funds in support of the purpose for which they were given. The unrestricted nature of SDIP funds does not absolve the University and foundation of their stewardship responsibilities. A good test for the appropriate use of gift funds is: Would you ask a donor to contribute money for this purpose?

Procedures: SDIP funds should be expended through the Purdue Research Foundation (PRF) for expenditures that are unallowable on University funds. Any expenditure which benefits the authorizer personally or which might represent a conflict of interest based on relationship to the authorizer is unallowable. SDIP funds will be transferred to the University when expenditures are allowable on University funds. These transfers will be recognized as gift income to the University.

When requesting SDIP funding, departments should describe the business reason for the expenditure, in addition to providing proper backup documentation; including original receipts. If original receipts are not available, an explanation must be attached to the request. Requests for reimbursements must be within 12 months of the event.

Allowable Expenditures

SDIP funds may be expended at the discretion of the Dean and/or Department Head in a manner that supports the learning, discovery, and engagement missions of the University. Examples of typical and allowable expenditures include:

Meals or Refreshments:

- Expenditures for meals and refreshments that include alcoholic beverages for University guests and the staff who host them at University functions must be paid from SDIP funds. However, if the expenditures do not include alcoholic beverages, the meal and/or refreshments may be paid from University funds.

- Reimbursement for alcoholic beverages is allowable in conjunction with another reimbursable activity. (The use of alcoholic beverages in University facilities is limited; see Executive Vice President and Treasurer Memorandum A-16.)
- Fund-raising expenses that are not appropriate on University funds. (Please refer to fundraising policies.)

Bereavement:

- Funeral flowers costing less than \$100 and sympathy cards for students, staff, and donors.

Flowers/Cards:

- Seasonal flowers to decorate common areas. (excludes individual offices)
- Birthday, congratulatory, thank you, or holiday cards for donors.

Placards and Mementos:

- Placards and mementos expressing appreciation to donors in compliance with IRS regulations as described in the University Development Office Policy Manual under "Receipting Guidelines" (see attached).
- Placards and mementos expressing appreciation for long-term service of staff, or safety achievement, as part of University or departmentally sponsored recognition program. The total value of such awards to an individual may not exceed \$400. To abide by IRS regulations, recipient must have more than five years of service at the University and have not received another length of service award, unless a de minimis fringe, during the tax year or the previous four tax years. Placards and mementos of little intrinsic value given as student awards.
- Placards and mementos of little intrinsic value given as gifts to non-staff volunteers (i.e., Dean's Advisory Council, guest speakers).

Misc.:

- Coffeepots or small appliances for office kitchens or conference rooms
- Sponsorships when used for public relations purposes or advertisement of a recognized Purdue University program.

Unallowable Expenditures

SDIP funds should not be used for expenditures that will provide a personal benefit to individuals. Expending SDIP funds for the following purposes is not allowed:

- Gifts or benefits to employees, unless part of a University or departmentally sponsored recognition program.
- Travel expenses for spouses of University officials not acting as official volunteers or representatives of the University. See attached guidelines for official volunteers.
- Reimbursement of local travel expenses is prohibited.

- Payment of fines or penalties for University employees, students, and guests.
- Purposely avoiding University travel regulations or procurement policies and procedures, including the purchase of office furnishings and equipment not in accordance with University standards.
- Purchase of memberships in various organizations including private country clubs, airline clubs, etc., for University personnel.
- Office parties, holiday parties, or decorations.
- Payments in cash or equivalency (e.g., gift certificates) may only be made through the University, when allowable. Tax reporting will be handled through the payroll system or IRS Form 1099 reporting.

If a charge is made to PRF in error, we will not move the charge off PRF to the University.

Whenever possible questions and issues should be resolved in advance of the expenditure. Under unusual and extenuating circumstances, an exception may be requested. Questions and any requests for exception to the SDIP policy should be directed through your business manager to the Staff Accountant, Purdue Research Foundation. Schools and departments should be prepared to justify the business need for the exception.