

CALIFORNIA STATE UNIVERSITY, FRESNO FOUNDATION
Effective January 1, 2002

CIRCULAR 02-2

COMMUNITY RELATIONS EXPENSES

Policy

It is the policy of the Foundation to incur expenditures to promote the purposes, objectives and educational mission of the Foundation or University. These expenditures, collectively referred to as community relations expenditures, must be directly related to, or associated with, the active conduct of official University or Foundation business.

Community relations include those functions that are intended to create or promote favorable publicity and support for the Foundation and/or the University and their related projects. Community relations is a means for development and growth of both the Foundation and the University, in terms of fulfilling the mission and programs, fund raising, providing the facilities, people and other resources required by a first-rate university, making its services and resources available to the citizens of our service area, and in promoting the professional growth and enterprise of those who represent the University.

For purposes of this policy, the term "community relations" will be used to refer to all of the following types of expenditures, unless otherwise noted.

- ◆ Public relations
- ◆ Hospitality (see Definitions item #2). This policy is consistent with, and incorporates, the Chancellor's Executive Order No. 761.
- ◆ Employee relations
- ◆ Community relations, or
- ◆ Development relations

This policy applies to all community relations expenditures including grants and contracts, the Foundation general and designated funds, and all agency (trust) funds including, the President's University Improvement Funds, Vice President's funds, Dean's Funds and others.

The expenditure of funds for community relations should be cost effective. When determining whether a hospitality expense is appropriate, the approving authority must evaluate the importance of the event in terms of the costs that will be incurred, the benefits to be derived from such expense, the availability of funds, and any alternatives that would be equally effective in accomplishing the desired objectives.

The Executive Director of Auxiliary Services, or designee has responsibility to determine the reasonableness of cost to be reimbursed under this policy as well as consistency with the Internal Revenue Code requirements both as to the allow-ability and adequacy of the documentation.

Authority

The Foundation's governing documents charge the Foundation with promoting the purposes, objectives and educational services of the California State University, Fresno. As required by Title 5, Section 42502, the Foundation's Board of Governors has established this policy as a means of implementing this charge.

The Office of the Chancellor's "Compilation of Policies and Procedures for California State University Auxiliary Organizations" sets forth the standards under which the California State University, Fresno Foundation operates. According to Section 9 of the policy manual:

- Each auxiliary organization shall maintain documentation for expenditures consistent with good business practice, and in keeping with applicable documentation standards required by Federal, State and local governments (section 9.2.1.2.A).
- When foundations expend funds for goods or services that are not a direct cost of a project and which may not be readily seen as within the educational mission of the CSU, special documentation (as shown below) must be provided. For example expenditures for campus hospitality or community relations should be adequately documented in order to demonstrate that they are within the educational mission of the campus. Typical expenditures for these activities include the cost of meetings, conferences, receptions, and cost of individual or group meals. (section 9.2.1.2.B.3)

With respect to auxiliary organizations, California Education code Section 89900 (b) provides, in pertinent part " ...the president... shall be responsible for ascertaining that all expenditures are in accordance with policies of the trustees, the propriety of all expenditures, and the integrity of the financial reporting made by auxiliary organizations". The Foundation must obtain adequate documentation to allow the President or designee to make an evaluation of expenditures.

Definition of Allowable Expenditures

Allowable costs are those deemed ordinary, reasonable and necessary for the pursuit of the University or Foundation's community relations, University relations, community affairs, research and development goals; so long as they are consistent with the Internal Revenue Service standards which apply to nonprofit tax-exempt corporations and within the educational mission of the University. Daily reimbursement of lunches would not be considered ordinary, reasonable and necessary.

Community relations expenses are usually reimbursed on the basis of actual costs incurred. Community relations expenditures include:

1. Membership and participation in the activities of community groups, including but not limited to service clubs and community-wide organizations of leading citizens in education, business, government, industry, and agriculture, with which the University or Foundation may properly serve the needs of the campus community.
2. Hospitality which includes the provision for meals (catered or restaurant), light refreshments (beverages, hors d'oeuvres, pastries, cookies, etc.), promotional materials, gifts, and travel expenses for official guests of the University or Foundation. Hospitality includes expenses for activities that promote the University or Foundation to the public, usually with the expectation of benefits accruing directly or indirectly to University or Foundation.

3. Awards of tangible personal property in recognition of service or achievement directly benefiting the University or Foundation. Cash/check awards to University or Foundation employees are subject to payroll taxes and withholding. Noncash awards (watches, clocks, pens, etc) are nontaxable if the award is \$400.00 or less. Any awards greater than \$400.00 are taxable.
4. Gifts given or bestowed upon an individual, group, or entity with the expectation of benefit accruing to the University or Foundation.
5. Promotional materials of tangible personal property distributed to promote the name or image of the University or Foundation, to provide information, or enhance the University or Foundation productivity. Promotional materials are of minor value and bear the logo, icon or information identifying the University or Foundation such as a pen, folder, calendar, or clothing.
6. Employee relations for events such as employee recognition or length of service awards or retirement presentations or gatherings.
7. Business related meals, when it is necessary for employees to conduct official University or Foundation business during a meal. There must be a reasonable expectation that the University or Foundation will benefit from the expenditure. They may be reimbursed for actual meal expenses substantiated by a receipt.
8. Official activities commonly engaged in by campus administrators and reasonable for promoting and maintaining student, faculty, and staff recruitment, morale, and/or development, and for developing and maintaining effective relations with the community. Such activities may include, but are not limited to campus receptions, public ceremonies, lay advisory committees (approved by the University President) and any and all of the academic disciplines and programs of the University. Typical expenditures for these activities include the cost of meetings, conferences, receptions, open houses and cost of individual or group meals.
9. This policy provides the means for appropriate participation in bona fide activities by the spouse or significant other of an officer, employee, or other delegate of the University or Foundation where such participation is reasonably intended to achieve the community relations objectives of the University or Foundation.
10. Flower purchases for official University or Foundation functions such as commencement, award ceremonies, seminars and official receptions. Flowers may be purchased for faculty or staff to recognize significant professional achievement. Additionally flowers may be purchased for funeral arrangements for deceased employees, retired employees or donors. Monetary contributions, not to exceed \$100.00, to a non-profit charity, research or educational organization is permitted in lieu of flowers. Flowers should be purchased from the Agricultural Foundation, when practical.

No reimbursement shall be allowed for the following expenses:

- Employee birthday, baby shower, wedding, anniversary and farewell gatherings, unless approved in advance by the University President or a Vice President (food, gifts, flowers, etc)
- Tuxedo or other clothing rental
- Political contributions, except capital bonds supported by the California State University Board of Trustees and authorized by the University President.

Procedure

Community Relations expenditures are claimed for reimbursement on the Community Relations Authorization form. Consistent with California State University policy and Internal Revenue Service regulations, the following information must be documented on the Community Relations Authorization form:

- ◆ Amount – The amount of each separate expenditure such as meals or receptions
- ◆ Date - Dates for each event or activity
- ◆ Place – Name and address or location of place of each event or activity
- ◆ Purpose - Business purpose for the expenditure or the nature of the business benefit gained or expected to be gained as a result of the expenditure. The nature of the business discussion or activity. Generic purpose statements such as “promotes positive relations”, “community relations” or “employee relations” are not acceptable. Be specific. The purpose must be within the educational mission of the University.
- ◆ Relationship - Names of the persons included, their employer and occupation or title that shows their business relationship to you. When a donor’s name needs to be kept confidential, use one of the following appropriate phrases: “confidential, refer to private log” or “confidential, refer to report of contacts”.
- ◆ Receipts - Receipts are required for all lodging expenditures and all expenditures of \$25.00 or more. Receipts should show the amount, date, place and essential character of the expenditure. It is recommended that receipts be obtained for all expenses, where possible. In cases where receipts cannot be obtained or have been lost a statement to that effect should be made and attached to the authorization.

The Community Relations Authorization form must be approved by the authorized account signer with an original signature. Signature stamps are not acceptable. The account signer approving the authorization is responsible to ascertain the necessity and reasonableness of the authorization and that adequate documentation is attached to support the authorization. Account signers may not approve authorizations payable to themselves for amounts equal to or greater than \$100.00; thus an approval by the account signer’s supervisor is required. Account signers may not approve authorizations payable to their supervisors.

Community Relations Authorization forms shall be submitted within one month of the date the expenses was incurred. Authorizations submitted beyond one month may not be reimbursed unless there are extraordinary circumstances that justify the late submission.

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