

The CSULA Foundation Policy and Procedures

- 1) Clearing Account
- 2) Conflict of Interest
- 3) Financial Policies
- 4) Petty Cash
- 5) Public Relations
- 6) Purchasing Policies
- 7) Scholarship Policies (Pending)
- 8) Travel

The CSULA Foundation

Clearing Account Policies and Procedures

1.0 PURPOSE:

The purpose of this section is to provide information and procedures for California State University, Los Angeles employees who are responsible for accepting and depositing contributions prior to establishing an account, when the appropriate account for the funds has not been determined, when the purpose of the donation has not been determined, and/or when the criteria by which to administer the account has not been articulated.

2.0 POLICY:

On behalf of the CSULA Foundation, Business Financial Services will provide an account for the temporary deposit of donations until such time as the appropriate account for the funds has been determined, the purpose of the donation has been determined or the permanent account can be established. Every effort shall be made to transfer balances into appropriate accounts within 60 days. During the period that funds are in the Clearing Account, they are considered as temporarily restricted and are not available to be invested and do not qualify for distribution. Written documentation must be kept for balances remaining after 60 days.

3.0 RESPONSIBILITIES:

3.1 Colleges, Academic Departments/Divisions and University fiscal officers will:

- a. Receive incoming donations
- b. Forward the donation to the CSULA Foundation c/o the Office of Institutional Advancement (Administration 809)
- c. Coordinate with the Foundation to set criteria for new accounts or notify Foundation of the correct account numbers for existing accounts
- d. Forward criteria with appropriate signatures and all back up (i.e., communication from donor, matching gift forms, etc.) to the CSULA Foundation, c/o Institutional Advancement

3.2 The CSULA Foundation will:

- a. Receive incoming donations
- b. Fill out a CSULA Foundation Gift Deposit Transmittal
- c. Deposit the funds into the Clearing Account
- d. Maintain a log of all donations to the Clearing Account
- e. Coordinate with Colleges, Academic Departments/Divisions and Cal State L.A. fiscal officers to set up criteria for new accounts or identify the correct account number for existing accounts

- f. If needed, request new account be set up through Business Financial Services
- g. Acknowledge the donor in accordance with Foundation policy and IRS standards
- h. Transfer funds into the appropriate account once the account has been set up
- i. Notify the college fiscal officer and the development officer that the gift has been transferred
- j. Record the gift in the Advancement database

California State University, Los Angeles

THE CSULA FOUNDATION

**THE CSULA FOUNDATION BOARD MEMBER CONFLICT
OF INTEREST POLICY**

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	TYPES OF CONFLICT	3
A.	Conflicts of Commitment	3
	General Duty of Care	3
	Outside Directorships and Activities	3
	Participation in Decisions Affecting Other Interests	3
B.	Conflicts of Interest	4
	Financial Interest	4
	Utilization of Public Information	5
	Self-Dealing Transactions	5
III.	DISCLOSURE AND REVIEW PROCEDURE	6

I. INTRODUCTION

The CSULA Foundation (Foundation) is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for public and charitable purposes to:

- (a) Foster, encourage and promote the scientific, educational and charitable purposes of CSULA by constructing, establishing, maintaining, operating, conducting, and giving to CSULA scientific, literary, educational, and charitable buildings, equipment and facilities or doing or causing to be done one or more of such things and all other things incidental thereto;
- (b) Promote a greater and better understanding in the community of CSULA's proper role, and its policies and as it relates its development needs;
- (c) Provide financial assistance by allocations, gifts, loans and other means, to CSULA, its support groups, undergraduate and graduate students, faculty and staff;
- (d) Do any other act or thing and engage in and carry on any other activity in any manner connected with or incidental to, or calculated to promote, assist, aid, or accomplish any of the aforesaid purposes;
- (e) Provide management of all investment funds (short and long term),
- (f) Take an active role in the fundraising process in support of CSULA.

The responsibilities of the Foundation Board members bring with them the possibility for conflicts of interest and conflicts of commitment (referred to jointly herein as "conflicts"). Conflicts may arise from the different but related positions that individual Board members may hold on the University campus and in other organizations or entities.

The Foundation director may find himself or herself in a position where the director may be called on to vote on matters that affect an organization or entity that he or she represents in another capacity. This concern reaches not only voting on such matters, but also taking part in discussions, or being present during deliberations or other actions that may benefit the other organization or entity, or that may harm the Foundation.

In addition, the Foundation director may find that he or she has access to information held by the Foundation that could be used to negatively affect the future operations, goals or status of the Foundation, or to benefit another organization or entity. Conversely, the Foundation director may find that he or she has access to information held by another organization that could be used to negatively affect the future operations, goals or status of the Foundation.

To address the concerns surrounding possible conflicts and to prevent conflicts from hindering the participation of Board members in the governance process, the Foundation has looked to the California Education Code and Corporations Code for guidance. The result is a policy that seeks to define conflicts, so that Board Members are better able to structure their relationships with other organizations and entities in view of their fiduciary responsibilities to the Foundation, as well as provide a mechanism by which Board members can assess their activities within the Foundation and with other organizations and entities.

It is not the intent of this policy to regulate or eliminate all conflicts, but rather to enable Board members to recognize situations that may be subject to question and ensure that such situations are properly disclosed and if necessary, reviewed and resolved. Thus, an integral part of the policy is a disclosure mechanism whereby Board members regularly review their role on other boards and their activities with their responsibilities to the Foundation clearly in mind.

II. TYPES OF CONFLICT

A. Conflicts of Commitment

With the acceptance of an appointment to the Board of Directors of the Foundation, an individual makes a commitment to the Foundation that is understood to be a commitment in the most inclusive sense. Board members are expected to act with professional loyalty within their roles as directors of the Foundation. Accordingly, they should arrange outside activities, loyalties and financial interests so as not to interfere with this responsibility.

General Duty of Care

Directors of Public Benefit Corporations and similar organizations are held to a general duty of care. This standard requires that a director follow the "prudent person" rule. The director must act in good faith, in the best interests of the corporation, after reasonable inquiry, with the care of an ordinary prudent person under similar circumstances. See Cal. Corp. Code § 5231 (a).

Directors should use this standard to gauge their involvement in other organizations or entities. Most important is the legal requirement to act in the best interests of the Foundation.

Outside Directorships and Activities

The Foundation recognizes that its members may participate as officers and board members of other campus and outside organizations and entities. To the extent that these activities serve the Foundation's interests, as well as those of the participant, the Foundation encourages such involvement.

Participation in Decisions Affecting Other Interests

Each Board member must be aware that situations may arise where he or she may be asked by the Foundation to participate in a decision that may affect an organization or entity which that Board member represents in another capacity. Likewise, the Board member may be asked by another organization to participate in a similar decision affecting the Foundation. This includes participation in discussion, voting, or the mere presence during deliberations, discussions, or voting on such matters. In such cases, the Board member must act in a manner consistent with his or her professional loyalty and fiduciary obligation to the Foundation. If uncertain whether a conflict exists, the Board member should reclude himself or herself from discussion, deliberations and voting on the matter or follows the disclosure procedures outlined in Section III.

Additionally, a Board member has a duty to present to the Board, information the Board member may obtain that potentially hurts the Foundation including, but not limited to, its current and future operations, goals, or status, even if it involves another member of the Board. All Board members shall maintain the confidentiality if any and all sensitive or confidential matters discussed by the Board or its Committees, as well as issues that are discussed in closed session of the Board.

B. Conflicts of Interest

Financial Interest

A Board member is considered to have a conflict of interest when he or she, or any immediate family member, or any associated entity, possesses a financial interest in an activity that involves his or her responsibilities as a Board member of the Foundation

No member of the Board shall be financially interested in any contract or other transaction entered into by the Board of which he or she is a member, and any contract or transaction entered into in which the Board member is financially interested shall be void. See Cal. Educ. Code § 89906.

No contract or other transaction entered into shall be void, nor shall any member of the Board be disqualified or deemed guilty of misconduct if:

- a) The fact of such financial interest is disclosed or known to the governing Board and noted in the minutes, and the governing Board thereafter authorizes, approves, or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the votes of such financially interested member or members; and
- b) The contract or transaction is just and reasonable as to the Foundation at the time it is authorized or approved by the Board.

See Cal. Educ. Code § 89907 (a) (b).

This exception, however, will not apply if one of the following circumstances exist:

- a) The contract or transaction is between the Foundation and a member of the governing Board of the Foundation;
- b) The contract or transaction is between the Foundation and a partnership or unincorporated association of which any member of the Board of the Foundation is a partner or in which he or she is the owner, holder, directly or indirectly, of a proprietary interest;
- c) The contract or transaction is between the Foundation and a corporation in which any member of the Board of the Foundation is the owner, holder, directly or indirectly, of five percent (5%) or more of the outstanding common stock; or
- d) A member of the Board of the Foundation is interested in a contract or transaction, and without first disclosing such interest to the Board at a public meeting of the Board, influences or attempts another member or members of the Board to enter into the contract or transaction.

See Cal. Educ. Code § 89909 (a) (b) (c) (d).

Utilization of Public Information

It is unlawful for any person to utilize any information, not a matter of public record, which is received by him or her by reason of his or her membership on the Board of the Foundation, for personal pecuniary gain, regardless of whether he or she is or is not a member of the Board at the time such gain is realized. See Cal. Educ. Code § 89909.

Self-Dealing Transactions

Directors are prohibited by law from engaging in self-dealing transactions to which the Foundation is a party and in which one or more directors have a material financial interest. A mere common directorship is not in itself a material financial interest. See Cal. Corp. Code §§ 5233 (a), 5234.

There are exceptions from the definition of self-dealing transactions and they are:

- 1) Actions fixing the "just and reasonable" compensation of directors or officers;
- 2) Transaction that are part of public or charitable programs that benefit a class of which directors or their families are members, and that are approved or authorized in good faith and without unjustified favoritism;
- 3) Transactions of which interested directors had no actual knowledge and which do not exceed one percent (1%) of the Foundation's gross annual receipts, or \$100,000, whichever is smaller.

See Cal. Corp. code §§ 5233 (b) (1) (2) (3), 5235.

Directors are thus liable to the Foundation for self-dealing transactions unless the transaction was approved by one of the following means:

- 1) Approval by the State Attorney General, or by a court in an action in which the Attorney General was an indispensable party, either before or after consummation of the transaction;
- 2) Approval before consummation of the transaction by a disinterested Board, under the following circumstances:
 - a) The Foundation entered into the transaction for its own benefit;
 - b) Transaction was fair and reasonable to the Foundation at the time the transaction was effected; and
 - c) More advantageous arrangements could not have been made with reasonable effort.
- 3) Interim approval by a committee having authority for the Board, where immediate action was needed and action by the full Board was not feasible, and subsequent ratification by the full Board at its next meeting, under the circumstances listed in 2), above.

See Cal. Corp. Code §§ 5233 (d) (1) (2) (3)

III. DISCLOSURE AND REVIEW PROCEDURE

If a Board member finds that he or she is faced with a possible conflict, the Board member shall inform, in writing, the President of the Board, who shall have the affirmative duty to advise the Executive Committee of the conflict as soon as possible.

The Executive Committee, with advice as needed from the Foundation's attorneys, shall review the circumstances surrounding the possible conflict and shall make a determination as to whether an actual conflict exists. If a conflict is found to exist, the Committee shall present the information to the Board member, with a recommendation that the Board member reclude himself or herself from any further discussions, deliberations, voting or presence on the matter to alleviate or avoid the conflict or potential conflict, or take appropriate action as required.

If a Board member has knowledge of a possible or actual conflict involving another member of the Board, the Board member who has acquired the information has an affirmative duty to disclose, in writing, such information to the President of the Board. Procedures as outlined above shall subsequently be followed. In cases where such a possible or actual conflict involves the President of the Board, disclosure shall be made in writing to at least one member of the Executive Committee, who shall then follow the procedure above and inform the President of the Board if a conflict is determined to exist.

In cases where the Executive Committee determines that a Board member has knowingly violated this conflict of Interest Policy by failing to disclose a possible conflict by ignoring the Board's directive to cease or modify activities or conduct posing a conflict or potential conflict, or in any other manner knowingly and purposefully acted in any way that violated the spirit of purpose of this Conflict of Interest Policy, the Committee shall recommend disciplinary action to the Board. Such action shall include, but not limited to, a notice to the Board member's appointing constituency or body of the specific activities or conduct which constitute the violation, the specific provisions of this Conflict of Interest Policy which have been violated, and a recommendation for an appropriate sanction or sanctions by that constituency or body. Such notice shall also be sent to the University President, pursuant to his or her overall responsibility for all campus organizations and activities. (Title 5, Cal. Code of Regs. § 42402).

¹The Ethics committee shall be a standing committee of the Board and shall consist of the three members of the Board, excluding the chairperson.

The CSULA Foundation
Foundation Financial Policies

Responsibilities and procedures supporting these policies are outlined in the Agreement between the Board of Trustees of the California State University, and through California State University, Los Angeles and the CSULA Foundation and in the procedural documents of the office of Business Financial Services. The CSULA Foundation Financial policies shall be consistent with the University Development Policy and Procedures.

I. BUDGETING

1. The Foundation will develop a fiscal year Annual Budget which will be officially adopted by the Foundation Board of Directors at the recommendation of the Investment and Finance Committee.
2. The budget shall be submitted to the Treasurer of the CSULA Foundation for approval and then sent to the President of the University for approval.
3. The budget will be included in the CSULA Foundation's financial report.

II. ACCOUNTING

1. The Foundation will employ the following bases for accounting:
 - 1.1 Accrual basis in accordance with generally accepted accounting principles for not-for-profit organizations. Further definitions of financial policy contained herein are intended to highlight generally accepted accounting principles; nothing contained herein shall be construed to supersede generally accepted accounting principles.
 - 1.2 The Foundation will utilize the corporate fiscal year that is July 1 through June 30.
2. Investments and Donated Real Estate
 - 2.1 Investments and donated real estate shall be recorded under the appropriate category on the balance sheet, i.e. unrestricted, restricted, endowment, etc.
 - 2.2 Donated investments and real estate should be valued at fair market value at the time of the donation. An appraisal shall be performed whenever a gift of real property or hard-to-value assets over \$5,000 is received.
 - 2.3 Purchased investments or real estate should be valued at cost.
 - 2.4 Gain or loss on assets will be recognized when realized.

3. Land, Building and Equipment and Depreciation
 - 3.1 Furnishings and equipment should be inventoried and become the exclusive property of the University.
4. Pledges
 - 4.1 All pledges should be recorded on both the statement of revenue and expense, and on the balance sheet.
 - 4.2 Pledges shall be reported as a separate account under revenues from fund-raising.
 - 4.3 Pledges to be collected in the future or to support future years shall be recorded as deferred support.
 - 4.4 Pledges that are recorded must be documented.
 - 4.5 A provision for uncollectible pledges should be: 1) donor has requested that pledge will not be honored; 2) donor has moved and development office is unable to locate; and 3) other extenuating circumstances.
5. Deferred Agreements and Contracts
 - 5.1 Irrevocable Annuities and Trusts
 - a. The Foundation has a legal right to the remainder interest or a portion thereof of all irrevocable annuities and trusts in which it is named, regardless of who serves as Trustee.
 - 5.2 Revocable Agreements
 - a. Only revocable agreements in the custody of, or managed by, the Foundation shall be recorded in the financial statements.
 - b. Revocable agreements will be acknowledged and records maintained outside of the financial statement.
 - 5.3 Life Insurance
 - a. Only life insurance policies in which the Foundation is irrevocable owner and beneficiary shall be recorded and reported.
 - b. The cash surrender value and any premium paid by the donor shall be recorded as income from fund-raising, and as an asset on the balance sheet.

5.4 Remainder Interests.

- a. The Fair Market Value, at time received, in charitable remainder trusts, life estate agreements and pooled income funds shall be acknowledged and records maintained outside of the financial statements.

5.5 Charitable Gift Annuities

- a. The Charitable Gift Annuities are arranged through a Memorandum of Understanding with the CSU Foundation. The CSU Foundation records both the full value annuity as income when received and as an asset on its balance sheet.
- b. When annuity matures the residual value is recorded on the CSULA Foundation's books.

III. INTERNAL REPORTING

1. The CSULA Foundation, through Business Financial Services will produce quarterly financial reports and an annual report for the CSULA Foundation Board of Directors.
2. The annual report will be submitted to the CSULA Foundation by October of each year.
3. Quarterly and annual reports will include:
 - 3.1 Overview
 - 3.2 Statements of Financial Position
 - 3.3 Statements of Activity
 - 3.4 Statement of Activity-Detail General Fund
 - 3.5 Approved Budget
 - 3.6 Interest Distribution Schedule
 - 3.7 Endowment Fund Balances
 - 3.8 Award Fund Balances
 - 3.9 Agency Fund Balances
 - 3.10 Endowment Investment by Donor

IV. EXTERNAL REPORTING

1. The CSULA Foundation through Business Financial Services will produce and file a Federal Form 990 with the Internal Revenue Service.
2. The CSULA Foundation through Institutional Advancement and/or Business Financial Services will provide reporting data to the Chancellor's Office as required.
3. The CSULA Foundation will register and report to the Attorney General of California as required by the California Nonprofit Integrity Act of 2004.
4. The CSULA Foundation will generate an annual account statement for account holders.
5. The CSULA Foundation will generate a quarterly account statement as requested by donors/account holders.

V. AUDITING

1. The Foundation will be audited annually by a CPA Firm selected by the Foundation Board of Directors based on a recommendation from the Audit Committee.

VI. INTERNAL CONTROLS

1. The Foundation will develop adequate controls including:
 - 1.1 Receipts.
 - 1.2 Uncollected items
 - 1.3 Cash disbursements.
 - 1.4 Records and cash on hand.
2. Copies of the Business Financial Services memorandum on accounting procedures and Institutional Advancement memorandum on administrative support will be forwarded to and reviewed by, the CSULA Foundation.

VII. MANAGEMENT OF FOUNDATION ASSETS

Additional information is detailed in the CSULA Foundation Investment Policy documents.

1. The Foundation Board under the guidelines of the Foundation Investment Committee will oversee the management of the assets.

- 1.1 To insure that property is not lost or damaged.
- 1.2 To protect property.
- 1.3 To observe requirements of regulation, generally accepted accounting principles, and the requirements of the donor.
- 1.4 To collect any income generated by property as such income is due.
- 1.5 To pay loans, taxes and other approved bills on time.
- 1.6 To invest excess funds in a prudent manner.
- 1.7 To keep all documents in a safe place.
2. Annually, the Foundation, with the assistance of University Development, will help coordinate development plans for priority projects such as equipment, capital, and program needs of the University.
3. Restricted funds within the Foundation will be established for various CSULA departments, with the approval of the CSULA Foundation's Executive Director and consistent with the area's development plan.
 - 3.1 Student Financial Aid – gifts restricted to provide loans, scholarships, stipends or other forms of financial assistance will be awarded to students enrolled at the University or enrolled in a recognized Outreach Program of the University consistent with the Memorandum of Understanding for administration of funds between the CSULA Foundation and the Scholarship Office.
4. All requests for expenditures from existing restricted funds must be made in writing, using established guidelines.
5. The following non-specific restricted funds may be maintained by the Foundation:
 - 5.1 Building and Equipment Fund - Gifts restricted to this fund are to be used only for capital needs and costs of raising monies for the project.
 - 5.2 Endowment Fund - Gifts restricted to this fund will be invested and managed by the Investment Committee of the CSULA Foundation, in accordance with the Investment Policies of the CSULA Foundation.

VIII. ACCEPTANCE OF VARIOUS TYPES OF GIFTS

Procedures for acceptance, recording, and acknowledgment of gifts are detailed in the University Development Policies and Procedures Manual Section 8.0 and are consistent with the following:

1. Gifts of Cash

- 1.1 Gifts of cash generally always will be accepted unless the Foundation's Board determines that:
 - a. The gift is inconsistent with the policy related to restricted gifts;
 - b. Acceptance of the gift may be seen as a conflict on interest;
 - c. Acceptance of gift may cause embarrassment;
 - d. The CSULA Foundation cannot meet guidelines related to the restriction placed on the gift, or on the recognition request.

2. Gifts of Securities

- 2.1 Gifts of readily marketable securities will be accepted by the Foundation, subject to the guidelines for cash gifts as stated in VII 1 through its Asset Manager or Development and Gift Acceptance Committee.
- 2.2 The Foundation will govern the disposition of gifts and securities. Gifts of securities will generally be sold and invested consistent with the CSULA Foundation Investment Policies.
- 2.3 The Foundation shall make reasonable attempts to relocate the securities; custody from the donor (or his custodian) to that of the Foundation. If the securities are to be mailed, the stock certificates should be mailed separately from the signed stock power with signature guarantee.
- 2.4 The amount of the donation of the securities will be determined by taking the mean between the high and the low quotes on the date of the gift, multiplied by the number of shares tendered.
- 2.5 Gifts of securities which are not readily marketable will be accepted at lower of cost or market except under the following conditions:
 - a. Securities will be carried at value, as long as audited financial statements are provided to the Foundation to substantiate the value;

- b. In the absence of financial information which would enable determination of the book value, gifts of closely held corporate stock will be carried on the Foundation's books at \$1.00, unless we have fair market value information.
- c. Gifts of bonds which require a holding period, will be accepted and cashed when the holding period have expired;
- d. Gifts of securities which will not be accepted include:
 - d.1 Securities which are assessable or which could in any way create a liability to The CLSA Foundation.
 - d.2 Securities which by their nature may not be assigned, such as series "E: savings bonds."
 - d.3 Securities which have no apparent value.

3. Gifts of Tangible Personal Property

3.1 General Rules:

- a. Current law states that a gift of tangible personal property, if given for an unrelated use, is deductible only at its cost basis, not the current fair-market value. Donors should be advised if the CSULA Foundation is not able to put such gifts to related use.
- b. The establishment of value is the responsibility of the donor. If the value is over \$5,000, and the donor wishes to take a tax deduction for the gift, the donor will need to have a qualified appraisal done, with the appraisal summary on the back of the IRS Form 8283 filled in and signed by the charity and its appraiser. If The Foundation sells the item(s) within three years, the Foundation must file IRS Form 8282 informing the donor and the IRS the amount for which the item(s) was sold.
- c. As a rule, Gifts-in-Kind are accepted by the State of California. However, the CSULA Foundation can accept such gifts when it is in keeping with the mission of The Foundation.
- d. For the purpose of booking a value of a gift, the State may seek the advice of its own qualified independent appraiser.

3.2 Gifts of art, furniture, automobiles and other vehicles will also be accepted through the University's Gift-In-Kind procedures.

3.3 Gifts of Other Miscellaneous Personal Property

- a. Items that will be taken into consideration by the Foundation before deciding on acceptance of gifts of personal property will be:
 - a.1 Transportation costs;
 - a.2 Storage costs;
 - a.3 Cost of selling;
 - a.4 Maintenance and repair;
 - a.5 Usefulness to the CSULA Foundation or University.
 - a.6 Cost of space modifications/installation.
 - a.7 Operating Costs.
 - a.8 Environmental, health and safety issues.
- b. Items of miscellaneous personal property will be accepted if:
 - b.1 They are useful to the CSULA Foundation;
 - b.2 They can be sold easily.

4. Gifts of Real Property

- 4.1 All gifts of real property or gifts of undivided interest in real property will be approved by the Foundation Board based on a recommendation of the CSULA Foundation Development and Gift Acceptance Committee and the Executive Director after a property analysis has been completed.
 - a. A representative, appointed by the CSULA Foundation's Executive Director, shall personally inspect the property, if at all possible, to:
 - a.1 Assess the character of the property in relationship to the surrounding properties;
 - a.2 Assess the physical condition of the property, and what maintenance and repair may be needed;
 - a.3 Observe any apparent hazards or other liabilities;
 - a.4 Ascertain whether or not the property is saleable.

- b. An appraisal is to be made of the property by a certified appraiser.
- 4.2 The following items should be obtained by the Foundation to assist in preparing a gift property analysis:
- a. Deed, to show how property is vested;
 - b. Property tax bill to show assessed value of land and improvements and tax level;
 - c. Association agreement to note fees or assessments which may be due;
 - d. Title report including conditions, covenants and restrictions statement to show what restrictions are on the property, such as liens and encumbrances, and how the property may be used;
 - e. Lease or rental agreements, if appropriate;
 - f. Notes or mortgages, to determine the current encumbrances;
 - g. Environmental impact report and hazardous waste report when indicated;
 - h. Engineer's report, seismic report;
 - i. Back taxes;
 - j. Easements or covenants on the property;
 - k. Notices of any liability or violations of state, county or city codes.
- 4.3 A real estate broker who is marketing similar properties in the area should be asked for a current market analysis. If the market analysis indicates a price significantly less than the appraisal or donor's expectations, the analysis should be reviewed with the donor.
- 4.4 Donors should always be advised to seek their own tax counsel to have them review the terms of the donation to determine the tax consequences.
- 4.5 If, because of high taxes or sizable mortgage, or any other reason that the Foundation would dispose of the property through a "fire sale" (quick sale at perhaps a lower than market price) within two years of accepting the gift, the prospective donor will be informed prior to the acceptance of the gift.

- 4.6 Gifts of commercial properties and businesses will be evaluated, within a reasonable time, not only on the basis of property tax and mortgage liabilities, but also taking into consideration that:
- a. The Executive Director, acting for the CSULA Foundation may collect rents, but may not operate a business because of the unrelated business income tax, unless authorized to do so by the CSULA Foundation Board of Directors.
 - b. The Foundation, as a non-profit corporation, receives no tax benefit from depreciation.
- 4.7 Upon acceptance of the gift the Foundation will:
- a. Based on a recommendation from the Executive Director, determine if the property is to be held or sold, except in cases where the Foundation is not the Trustee
- 4.8 If the property is to be sold:
- a. The Foundation will list the property with an experienced broker in the area where the property is located;
 - b. The Foundation will list the property at the fair-market value;
 - c. The Foundation, unless a separate agreement is made with the donor, has total discretion regarding when and at what price the property will be sold. Such decisions should be made possible, with the knowledge of the donor, and if possible, with his or her consent, keeping in mind that the best prospects for future gifts are present donors;
 - d. The establishment of value is the responsibility of the donor. If the value is over \$5,000, and the donor wishes to take a tax deduction for the gift, the donor will need to have a qualified appraisal done, with the appraisal summary on the back of the IRS Form 8283 filled in and signed by the charity and its appraiser.
 - e. If the Foundation sells the item(s) within three years, the charity must file IRS Form 8282 informing the donor and the IRS the amount for which the item(s) was sold.
- 4.9 The Executive Director may, with the Foundation Board's consent, pay part or all of the appraisal and legal fees if the donor demands it.

5. Account Policies

5.1 Endowed Accounts:

5.1.1 The following minimum endowment levels apply:

- a. Endowed Chair – \$1.5 Million
- b. Endowed Scholarship – \$10,000
- c. Endowed Scholarship prior to July 1, 2001 grandfathered at \$5,000 minimum endowment

5.1.2 Endowed Scholarships:

- a. The initial contribution to a named scholarship endowment must equal or exceed \$1,000.
- b. Contributions toward a named endowment of more than \$1,000 and less than \$10,000 will be denoted as an endowment in process and The Foundation will accept a pledge payment schedule not to exceed 5 years to bring the principle balance of the account to the minimum endowment level (\$10,000).
- c. In the event the fund fails to meet the minimum endowment level after 5 years, the funds will be spent to support annual scholarships and will be administered in accordance with the established criteria. If no criteria have been established, funds will be used to provide scholarship support at the discretion of The Foundation.
- d. Endowed funds will be invested consistent with the Investment Policy Statement for Endowed Funds.

5.2. Annual Accounts:

- a. The Foundation will accept funds intended to support causes in the year the gift is made, within a specific time frame, or over a term of years.
- b. The Foundation will not provide interest earnings to annual accounts unless specifically required by the donor and approved by The Foundation Board.
- c. Annual Account holdings will be invested in accordance with The Foundation's Investment Policy Statement for Non-Endowed Funds

5.3. Fee Policy:

- a. Deposit Fee Policy: A 5% administrative fee computed on gross revenue will be charged to all accounts/funds except annual scholarship gross contributions below \$10,000.
- b. Administrative Fee Policy: The Fund should be subject to such Administrative Assessments as may be approved by the Board from time to time. This Assessment shall be in addition to program spending and direct cost associated with the endowment investment program. The present rate is 1%.
- c. Administrative fees may only be adjusted with the consent of the CSULA Foundation Board of Directors.

5.4. Frustration of Purpose

- a. If at any time in the future the Foundation is unable to administer this fund as indicated, the Foundation is authorized to utilize the proceeds of the endowment for the next closest use.

IX DONOR RECOGNITION

1. The Foundation will develop donor recognition vehicles for various levels of giving.
2. All gifts will be acknowledged regardless of the amount of the gift.
3. Named gift opportunities will be managed and maintained in keeping with the CSULA Administrative Procedure 015 - for naming buildings and programs.

X OPERATING FUND RESERVE

1. In any fiscal year, The Foundation may approve, as a part of the Operating Budget, an amount to be held in reserve. The reserve will be available with the approval of the Board for expenses including, but not limited to:
 - a) One-time capital expenditures to improve fund raising efficiency, effectiveness at the University and/or to increase the administrative capacity of the Foundation;
 - b) Unforeseen expenses arising in a fiscal year for which funds have not been allocated in the budget or for which inadequate funds have been allocated;
 - c) Unbudgeted expenses associated with negotiating, accepting, stewarding and acknowledging major gifts;
 - d) As an offset to any deficit in the designated fund balance resulting from poor investment performance;
 - e) As a supplement to the revenues comprising The Foundation operating budget in a subsequent year.
2. Any recommended reserve shall be presented to the Board of Directors and to the President of the University as a part of the annual operating budget approval process for The Foundation and will be represented in each of the quarterly financial statements.
3. Approved reserve funds shall be invested consistent with the un-endowed Investment Policies and Procedures.

Reviewed and Approved September 27, 2007

The CSULA Foundation
Petty Cash Policies and Procedures

1.0 PURPOSE:

To establish procedures for operational and financial controls related to the administering of petty cash funds.

2.0 POLICY

The CSULA Foundation will maintain a fund for petty cash within the Office of Institutional Advancement. Expenses must fall within the mission of the CSULA Foundation as defined by the respective statutes of The CSU Board of Trustees and Cal State L.A. policy. Expenditures to be reimbursed through petty cash will not exceed \$100 per receipt or voucher. Expenditures over \$100 must be reimbursed through the check requisition process, as defined in the CSULA Foundation Check Request or Purchase Order Policies and Procedures, unless previously approved by the Executive Director for the CSULA Foundation. All expenditures must be supported by documentation specific as to date, purpose and benefit to the CSULA Foundation. Acceptable expenditures include but are not limited to:

- 2.1 Refreshments and food while holding or attending meetings, conferences or gatherings on or off campus
- 2.2 Entertainment of persons which furthers the goals of the CSULA Foundation and Cal State L.A., including cultivation, recognition, stewardship of donors and potential donors, staff recognition and professional development
- 2.3 Student activities not supported by other funds
- 2.4 Other items not specifically listed, which will advance the objectives of the CSULA Foundation excluding travel expenses, which are to be processed according to the CSULA Foundation Travel Policies and Procedures

3.0 RESPONSIBILITIES

3.1 The CSULA Foundation will:

- a. Obtain funds in the amount of \$400 for the purposes of petty cash reimbursements
- b. Secure funds in a safe with a combination and key lock
- c. Verify prior to purchase that the expenditure is not restricted or prohibited according to guidelines for auxiliaries set forth by The CSU or Cal State L.A.
- d. Maintain records and receipts detailing all disbursements from petty cash. When petty cash is used to make a direct purchase (as opposed to a reimbursement), a log will be maintained listing the amount given, the

purpose, the date and a signature of the person receiving the funds. Once the purchase has been made, the Petty Cash Custodian will reconcile the receipt and change given (if any) with the remaining funds on hand.

- e. When funds on hand have diminished, the Petty Cash Custodian will request replacement funds and submit with that request the detail and receipts for all funds disbursed, in accordance with the CSULA Foundation policies for check requests
- f. When seeking reimbursement funds, expenses should be recorded in the appropriate line items of the CSULA Foundation Operating Budget

3.2 The Offices of Business Financial Services will:

- a. Receive the Check Request and verify that all documentation is complete
- b. Confirm signature authority and availability of funds
- c. Notify the Petty Cash Custodian if a request is being denied
- d. Notify the requesting party that the check is available for pick-up in Administration 514
- e. Audit the petty cash records held by the Petty Cash Custodian at least every 120 days
- f. Maintain account files for inquiries and audit

4.0 THEFT

In the event of theft, notify Campus Police immediately. A new request should be submitted requesting reimbursement of the fund that will include the following details:

- a) Date and time of theft
- b) Amount of theft
- c) Circumstances involved
- d) Preventative measures taken against similar occurrences
- e) Name of custodian and department

The CSULA Foundation
Public Relations Policy

1.0 PURPOSE:

To establish policies and procedures for funds solicited and/or expended to supplement state funding for public relations activities.

2.0 POLICY:

The CSULA Foundation may solicit and transfer funds to the state to supplement state public relations budgets so long as these types of expenses are included in the approved annual operating budget and do not exceed 5% of the total annual operating budget.

3.0 DEFINITIONS

Public Relations funds are defined as money used to pay expenses arising from public advocacy to further the University's mission and goals.

4.0 PROCEDURES

- 3.1 The Executive Director is responsible for proposing any budgeted funds for public relations, for monitoring the balance in the public relations budget, and for authorizing the transfer to the State or other recognized auxiliary organization of the State.
- 3.2 The Board of Directors is responsible for any direct solicitation of funds restricted for public relations and for the approval of the annual operating budget.
- 3.3 Any direct solicitation of public relations funds shall be conducted from a prospective contributor list compiled by board members. Solicitation shall be consistent with the CSULA Foundation's Conflict of Interest Policy.
- 3.4 The administrative division of the University responsible for the account to which funds are transferred will provide adequate documentation to the CSULA Foundation board through the Executive Director regarding the manner and purpose(s) for which funds are expended.

Approved: November 5, 2001
The CSULA Foundation BOD Meeting

Formatted by staff: 06/22/07

The CSULA Foundation

Purchasing Policies and Procedures

1.0 PURPOSE:

To establish procedures governing procurement of materials, supplies, equipment and services.

2.0 POLICY

The CSULA Foundation, in accordance with CSULA Administrative Procedures 209 and 218 will provide account holders with the ability to expend funds through the use of Check Requisitions, Purchase Orders and Agreements. Expenses must fall within the mission of the CSULA Foundation as defined by the respective statutes of The CSU Board of Trustees and Cal State L.A. policy.

Expenditures to be directly reimbursed to the Executive Director for the CSULA Foundation, to the procurement card or for travel must be approved by the President of Cal State L.A., or his designee, or the Treasurer for the CSULA Foundation or CSULA's Chief Financial Officer. All expenditures and purchase orders must be supported by documentation specific as to date, purpose and benefit to the CSULA Foundation. Acceptable expenditures might include:

- 2.1 Student activities not supported by other funds
- 2.2 Other items not specifically listed, which will advance the objectives of the CSULA Foundation, excluding travel expenses, which are to be processed according to the CSULA Foundation's Travel Policies and Procedures
- 2.3 Appropriate procurement card purchases
- 2.4 The Hospitality Event Form will be submitted by manager responsible for event to the Vice President for Institutional Advancement for signature approval prior to the proposed event. The Vice President for Institutional Advancement must submit hospitality form to the President or designee for approval.
- 2.5 Payment of or reimbursement for hospitality expenses are not permitted when these expenses are related to employee birthdays, weddings, funerals, anniversaries, and farewell gatherings that are not related to the active conduct of official University or Foundation business.

3.0 VENDOR SELECTION

3.1 Vendors may be selected at the discretion of the Executive Director for the CSULA Foundation. However, the following conditions apply:

- a. Expenditures must fall within the educational mission of the CSU as defined by the respective statutes, Board of Trustees policy and campus policy
- b. Expenditures must not be made which are specifically prohibited for auxiliary organizations either by statute, Board of Trustees policy, or campus policy
- c. The CSULA Foundation shall not expend funds for goods and services on behalf of CSULA and arrange in some way to be compensated for the expenditure by the campus if circumvention of CSU policy or procedure would occur
- d. It is prohibited for any representative of the CSULA Foundation to personally derive any benefit from use of facilities available for the purchase of equipment, supplies or commodities
- e. All available discounts must be taken at the time of purchase
- f. Reasonable effort should be made to ensure the best price for purchases is secured. The CSULA Foundation should utilize the purchasing services of the University when doing so will provide a better discount or vendor
- g. Sole source vendors may be selected, particularly when time or location is a factor, or when vendor will provide monthly invoice billing, such as for office supplies, florists, or catering
- h. For purchases over \$15,000, at least three written bids must be secured prior to purchase. Purchases and contracts must be awarded to the lowest bidder. However, the Executive Director may approve a bid from a vendor other than the lowest bidder when conditions such as quality, timeliness, sole source vendor, special features, etc. apply.

4.0 ADVANCE PAYMENT

4.1 Advance payment may be made when the vendor requires it or when it is desirable by the CSULA Foundation to do so. All advance payments must include a written estimate from the vendor and be approved by the Executive Director. Advance payments must be reconciled with actual receipts and invoices from the vendor within 30 days of payment

5.0 RESPONSIBILITIES

5.1 Colleges, Academic Departments/Divisions and Cal State L.A. Fiscal Officers will:

- a. Be responsible for notifying the CSULA Foundation of reimbursement requests

- b. Verify prior to purchase that the expenditure is not restricted or prohibited according to guidelines for auxiliaries set forth by The CSU and/or Cal State L.A.
- c. Turn the form in to the Office of Institutional Advancement on behalf of the CSULA Foundation with all original back up, receipts and other pertinent documentation
- d. Allow ten (10) working days from the receipt of the request in the Office of Institutional Advancement on behalf of the CSULA Foundation for the request to be processed and payment or purchase order generated

5.2 The CSULA Foundation will:

- a. Fill out check request and verify that all documentation is complete
- b. Coordinate with Business Financial Services to confirm signature authority and availability of funds
- c. Notify the appropriate College, Academic Department/Division or Cal State L.A. fiscal officer if a request is being denied and/or missing additional information
- d. Secure the signature of the Executive Director or the Treasurer of the CSULA Foundation or the University's Chief Financial Officer for final approval of all check requests or purchase orders
- e. Obtain W9 Form from Vendor
- f. Forward the check request or purchase order to Business Financial Services
- g. Maintain account files for inquiries and audit purposes

5.3 The Office of Business Financial Services will:

- a. Issue a check or purchase order or return the items the CSULA Foundation, c/o Institutional Advancement for departmental resolution
- b. Notify the CSULA Foundation, c/o Institutional Advancement - - that the check or purchase order is available for pick-up in Administration 514, or that the check has been mailed as requested
- c. Maintain account files for inquiries and audit

6.0 INDEPENDENT CONTRACTORS

- 6.1 When desirable, the CSULA Foundation may choose to fill short-term or long-term needs with the services of an independent contractor as defined in Internal Revenue Service Publication 1779 (rev. 12-1999). Such services may include, but are not limited to: special project data-entry, fund raising and technical services.
- 6.2 Prohibited arrangements include: contracting for services with any person already employed by California State University, Los Angeles or any of its recognized auxiliaries and any person who is related by blood or marriage to the Foundation representative authorizing the contract.

- 6.3 Independent contractors may not supervise, be reported to by, be supervised by, or report to any person to whom they are related by blood or marriage.
- 6.4 All contracts for services will comply with the ethical standards established by the Council for the Advancement and Support of Education (CASE) and the Association of Fundraising Professionals (AFP).
- 6.5 All contractees should sign and abide by the Terms of Engagement set forth in the contract for services issued by the CSULA Foundation.

7.0 COMMERCIAL FUNDRAISERS AND FUNDRAISERS COUNSEL

- 7.1 The CSULA Foundation will comply with all of the requirements of the California Nonprofit Integrity Act of 2004 as they relate to requirements hiring registration, and disclosure of commercial fundraiser and fundraising counsel.

The CSULA Foundation
Travel Policies and Procedures

1.0 PURPOSE

To establish procedures for operational and financial controls related to the processing of travel requests and expense claims.

2.0 POLICY

The CSULA Foundation will provide account holders with the ability to request travel, prepay certain travel expenses and be reimbursed for travel expenses. In accordance with the Compilation of Policies and Procedures for California State University Auxiliary Organizations issued by The CSU, section 9.7, the "...travel reimbursement policies should generally parallel policies applicable to the CSU." The most notable exception is regarding entertainment of persons which furthers the goals of Cal State L.A. and The CSU while traveling. Such expenses are considered hospitality and will be reimbursed separately through petty cash or a check requisition.

3.0 DEFINITIONS

- 3.1 Meal expenses will be reimbursed at the same rate allowable by CSU policy.
 - a. Meals and incidentals up to the daily maximum do not need to be receipted; however, the expense does need to be incurred in order to - be reimbursed.
- 3.2 Mileage expenses will be reimbursed at the same rate allowable by the CSU policy. Local and instate mileage not associated with other travel expenses may be reimbursed monthly without filing individual request for travel.
- 3.3 Business expenses such as business phone calls, fax, copy service or business supplies will be reimbursed at full value with an original receipt showing date, exact items purchased and payment. Payment on invoices for business expenses that have not yet been paid will be made directly to the business listed on the invoice. All business expenses should be explained in detail on section 11 on the travel expense claim.
- 3.4 Receipts and Vouchers shall be submitted for every item of expense except as follows:
 - a. All legal expenditures of \$1.00 or less
 - b. Nominal parking fees - for - one continuous period of parking
 - c. Meals and incidentals, so long as they fall within the allowable per diem rates
 - d. Streetcar, bus, rapid transit and ferry fares; bridge and road tolls

- 3.5 In cases where receipts cannot be obtained or have been lost, a statement to that effect shall be made in the expense account and the reason given. In the absence of satisfactory explanation the amount involved shall not be allowed.
- 3.6 Some expenses may be reimbursed directly to a third party, i.e., credit cards, phone bills.
- 3.7 Incidentals include, but are not limited to expenses for laundry, cleaning and pressing of clothes, and fees for tips and services such as for waiters and baggage handlers. It does not include cab fares, or telephone calls-. Incidentals may be claimed for each 24 hour period after the first 24 hour period.
- 3.8 Employees may receive a travel advance no sooner than 30 days before a travel expense is to be paid or incurred. The travel advance must be reasonably calculated not to exceed anticipated expenses.
- 3.9 All policies and procedures relating to travel advances as outlined in the CSU Policy and Procedures Governing Travel and Relocation Expense Reimbursement apply.

4.0 RESPONSIBILITIES PRIOR TO TRAVEL

- 4.1 Colleges, Academic Departments/Divisions and Cal State L.A. fiscal officers will:
 - a. Prepare a Request -for Travel (RFT) form indicating purpose(s), - dates, times and locations of proposed travel
 - b. Provide all appropriate -documentation, such as hotel room rates, airline ticket fares, rental car rates, estimated mileage, estimated per diem expenses, registration information, etc., to justify the requested expense
 - c. Present the RFT form with all appropriate signatures (including managerial approval for the person traveling) to the CSULA Foundation c/o the Office of Institutional Advancement at least 48 hours prior to the proposed date of travel. If advance or prepaid registration fee is required, paperwork must be submitted- at least 10 business days prior to the date -.
- 4.2 The CSULA Foundation will:
 - a. Confirm account numbers, dollar amounts, signatures and receipts
 - b. Coordinate with Business Financial Services to confirm signature authority and availability of funds
 - c. Notify the appropriate persons if a RFT is declined and why
 - d. Secure final approval of signed RFT forms by the Executive Director or the Treasurer for the CSULA Foundation (The Treasurer for the CSULA Foundation or CSULA's Chief Financial Officer may authorize forms for the Executive Director)

- e. Forward all RFT to Business Financial Services with all appropriate documentation

4.3 Business Financial Services will:

- a. Encumber the funds requested on the RFT
- b. Issue a check for registration fees or advance, if necessary, or return the items for department resolution
- c. Notify the requesting party that the check is available for pick-up in the Office of Business Financial Services

5.0 RESPONSIBILITIES AFTER TRAVEL

5.1 Colleges, Academic Departments/Divisions and Cal State L.A. fiscal officers will:

- a. Present a Travel Expense Claim (TEC) with all receipts, supporting documentation and appropriate signatures (including managerial approval for the person traveling) to the CSULA Foundation c/o the Office of Institutional Advancement -
- b. If the TEC exceeds the amount on the RFT by more than \$50.00, the person traveling must request additional funds through a memorandum explaining the overage. The memorandum should be submitted to the CSULA Foundation c/o the Office of Institutional Advancement and should have managerial approval of the traveling persons

5.2 The CSULA Foundation will:

- a. Confirm receipts, supporting documentation, account numbers and appropriate signatures (including managerial approval for the person traveling) on the TEC
- b. Notify the appropriate persons if a TEC is declined and why
- c. Secure final approval of signed TEC forms by the Executive Director or Treasurer of the CSULA Foundation (The Treasurer for the CSULA Foundation or CSULA's Chief Financial Officer may sign off on forms for the Executive Director)
- d. Forward all TEC to Business Financial Services with all appropriate documentation
- e. Notify requestor when reimbursement is ready for pick up in the Office of Institutional Advancement

5.3 Business Financial Services will:

- a. Issue a check against the TEC, or return the items for department resolution
- b. Notify the requesting party that the check is available for pick-up in -the Office of Business Financial Services
- c. Disencumber all outstanding funds
- d. Maintain account files for inquiries and audit

Submitted for Review and Approved September 27, 2007