
SECTION 5 - FOUNDATION PROGRAMS

Policy Sequence 5-000

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Introduction

Policy # 5-000.1

The Foundation provides fiscal and other management services for a broad range of University-related activities. These activities are referred to as "Foundation Programs" and augment the educational program of the University. Funding is provided primarily through gifts and donations to the University or by fees charged for services.

The Foundation is legally and financially responsible for compliance with, and fulfillment of, any agreement it enters into on behalf of California State University, Long Beach. Accordingly, the Foundation must operate within the guidelines, rules, and regulations of the California State University Board of Trustees and the Office of the Chancellor and be in compliance with federal and state laws. The Foundation is audited annually by independent auditors and periodically by internal auditors of the University and the Office of the Chancellor who report their findings to the Foundation Board of Directors, the President of the University, the CSU Board of Trustees, and many extramural funding agencies.

Foundation Program activities are broken down into three different categories: Special Projects, Scholarships, and Research Stimulation. These activities typically differ from grants and contracts because there are no specific performance requirements outlined by the funding source.

Gift vs. Grant

A gift may be designated for general operations or restricted to a particular purpose. The donor may earmark the gift for specific purposes, but may not have control over expenditures or over the work performed. Generally, a gift is not based on performance, and has no specified time frame, no financial reports provided, and no product or items of value given in return. A thank you or a tax statement may be provided to the donor.

A grant, in contrast, returns something of value to the donor. There is generally a formal agreement and restrictions on how the money can be spent. There may be effective dates for results, or requirements that financial or technical reports be provided to the donor, or rights to intellectual property be retained by the donor, or access to University resources or services be given to the donor.

Roles & Responsibilities for Special Projects, Scholarships, and Research Stimulation Accounts

Policy # 5-010.1

Project Directors

All Foundation Program activities are initiated and managed by a designated fund operator officially called the Project Director. A Project Director must be an employee of the University or the Foundation. The Project Director monitors the receipt of cash, ensures the purpose of the project is fulfilled and assures that only allowable expenses are charged to a particular project. The Project Director is responsible for compliance with the policies and procedures established by the University, the Foundation and with restrictions imposed by the donor.

Specific responsibilities of the Project Director include:

- Authorizing all expenditures and keeping a tight control on expenditure approval authority;

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- Keeping accurate, up-to-date records of financial obligations and expenditures;
 - Assuring that all revenue collected and funds expended on a project are for the purposes described in the Special Project Agreement and any restrictions imposed by the donor;
 - Maintaining a process where revenue collected is reconciled with program records and deposited into Special Project account as it is received;
 - Assuring that revenue and expenses are in compliance with the educational mission of the University, applicable policies and procedures of the University and the CSULB Foundation;
 - Reporting financial activity to the Foundation on a timely basis;
 - Monitoring computerized, monthly operating reports for accuracy and contacting the Foundation Programs Administrator (FPA) whenever discrepancies occur;
 - Contacting the FPA as soon as possible when there is the need to change directorship or authorized signers;
 - Being certain that appropriate project staff have a good working knowledge of this manual.

Project information is restricted to the Project Director, Authorized Signers and individuals identified as having online access per the Signature Authorization Agreement and college or Academic Affairs policies (see Authorized Signer section of the manual). Financial information, such as a project balance, is not given to anyone who is not authorized to receive information.

Foundation

In addition to overall support for your project or activity, the Foundation is responsible for providing and/or coordinating the following services:

- Providing fiscal/accounting services and monthly revenue and expenditure reports;
- Providing personnel and payroll functions and serving as employer-of-record for all employees;
- Providing purchasing support and advice on obtaining equipment, supplies, and services; Making recommendations for cost efficiencies;
- Responsible for ensuring excellent stewardship and fiduciary controls in administration of funds entrusted to the Foundation, while maintaining the highest integrity;
- Monitoring account expenditures and providing assistance in maintaining spending controls;
- Maintaining compliance with all applicable state, federal, California State University, campus and Foundation guidelines, including labor law, tax law.

Grants & Contracts/Foundation Programs Administrators

Once a project is set up, a Foundation Program Administration (FPA) is assigned to the project. Please visit the Grants, Contracts and Foundation Programs web page for [department contacts](#) and [areas of responsibility](#).

FPA's monitor project activity and analyze accounts payable, payroll, and other revenue and expense activity. While the Project Director assures that all revenue collected and funds expended on a project will be for the purposes described in the Special Project Agreement and the restrictions imposed by the donor, the FPA monitors and provides assistance in maintaining spending controls. In addition, the FPA reviews expenditures for reasonableness and allowability

in accordance with applicable policies and procedures of the University and the CSULB Foundation.

Project Types

Policy # 5-020.1

Foundation Program accounts are established in separate fund numbers in the Foundation computer system. Fund numbers and descriptions are:

06	Special Projects
06	Special Projects – Capital Improvement Projects
06	Special Projects – Transaction Projects
09-5	Scholarships (Non-Endowment Related)
17	Research Stimulation Accounts
17-7	Research Stimulation – Fixed-Price Residual Accounts
49	Special Projects – Department of Athletics (DOA)

Foundation Program – Project Types

Policy # 5-030.1

Special Project

An account established with funding from contributions, donations, or fees charged for services, training programs, camps, etc. Special Projects are established for a specific purpose, but are not restricted project types. All types of expenditures may be allowed, as identified on the Special Project Agreement. See Foundation's standard administrative fee structure for Special Projects.

Holding Accounts – Capital Campaign/Annual Fund

Holding accounts for Capital Campaign/Annual Fund are initially set up during fund-raising drives coordinated through the Office of the Vice President for University Relations and Development. Annual Fund accounts are established for annual solicitation and all funds are generally distributed by the end of each fiscal year. Capital Campaign accounts are established for a specific campaign. Funds are allocated from the Capital Campaign holding account over the duration of the campaign.

Faculty Fellowships

Awards/Contributions received from external organizations, generally non-profit, specifically for CSULB Faculty Fellowships. The Fellowship awards cover a portion of the salary for the faculty member and will generally come through the college and/or Office of University Research. The fellowship will be reviewed by the Office of University Research to determine whether it needs to go through the clearance process and be established as an 07 account (grant account) or whether it should be deposited into an 06 account. Standard university fees for reimbursed activities expenditures will apply, resulting in less reimbursement. As long as the fellowship is issued as a reimbursement for faculty assigned time, there will be no standard Foundation fees on the scholarship/fellowship payment.

Capital Improvement

A Capital Improvement Project is a holding account for deposit of major gifts for major building projects, capital improvements of facilities, and start-up costs for furniture and equipment generally administered through the University Relations and Development Office.

Capital Improvement Accounts, by policy, are participants in the Foundations investment pool and thus are interests bearing accounts. Interest is earned and distributed according to the Investment Policy ([Section 9](#)).

Capital Improvement Accounts are not charged administration fees. Please refer to Section 9 Investment Policy for applicable Investment fees. If operating expenditures are comingled with a Capital Improvement Project, fees will be charged on the account and it will no longer earn interest.

Once the building project, capital improvement or disbursements begin, this project will be changed to a regular Foundation Program project, which will be charged the standard administrative fees and will not earn interest (see policy [#5-100.1](#)).

Transaction Projects

A Transaction Project is an account used to facilitate programs that offer special services for seminars, classes, etc. to program participants. This account is used to receive fees that are not retained by the program and make one-time payments for a service. Transaction Projects must be pre-approved by the Foundation's Executive Director or designee. After the Special Project Agreement is completely filled out, it must be sent to the Foundation for pre-approval. After the agreement is pre-approved, it can be routed for approval by University Administration and Foundation Management.

Although Transactions Projects are not restricted project types, generally only one to two expenditures can be made per year on this project. Once the project is approved, the expenditure limitations set up in the agreement are strictly enforced by the FPA.

The Foundation charges fees for Transaction Projects on revenue or expense. The Foundation generally charges 1% or 2%. These fees are automatically charged to the account at the time an applicable transaction occurs.

If the activity on the Transaction Project exceeds the agreed upon number of transactions per year, the project will be reviewed by the FPA. It may be determined that this account is no longer following Transaction Account guidelines and, therefore, should be transferred to a Campus Program/Agency Project.

Scholarship

A Scholarship Project is an account where funds are awarded to a student studying at CSULB based on the established criteria for that award. For most Scholarship Projects, the donor's wishes are explicit. Scholarship donations are generally considered to be restricted and cannot be used for any other expenses. It is the Project Director's responsibility to administer scholarships per the donor's wishes. It is the responsibility of the Financial Aide Office to verify the enrollment of a student receiving a scholarship, including verifying continued enrollment after the add/drop date. Foundation will provide a monthly scholarship report to the Financial Aide Office of all disbursements paid through the Foundation.

If the Scholarship Project will be used in conjunction with an Endowment Account, an Endowment Agreement should be used in place of a Special Project Agreement (see section on Endowment Agreements).

Scholarship Projects, by policy, are participants in the Foundation's investment pool and thus are interest bearing accounts. Interest is earned and distributed according to the Investment Policy ([Section 9](#)).

Due to the Tax Reform Act of 1986, as of January 1, 1987, un-designated scholarships are considered taxable income by the IRS. Exclusion from taxable income is permitted only for Degree Candidates and only for amounts equal to tuition and/or course-related expenses (fees,

books, supplies, and equipment required for courses of instruction). Non-Degree Candidates no longer qualify for exclusion. The Foundation has created new Scholarship Disbursement Request forms that provide the student with explicit designations for award monies (see Scholarship Disbursement Request on page 5.28). All awards must be designated for a specific purpose within the IRS guidelines to be considered non-taxable income.

Scholarship Projects are not charged administration fees. Only expenditures for actual scholarships may be disbursed from this type of account. If operating expenditures are comingled with a Scholarship Project, fees will be charged on the account and it will no longer earn interest.

Research Simulation

Policy # 5-050.1

(F&A [Indirect] Cost Return and Fixed-Price Residual)

Research Stimulation accounts are established when a project director has grant/contract activity in a Foundation 07 account that generates F&A (indirect) cost return in accordance with Foundation policy on indirect cost (PDM, [Section 8](#)). The PD must complete and route for approval the Research Stimulation Agreement to establish the account, the fund/account begins with a "17." Funds are deposited in accordance with the Foundation's indirect (F&A) cost return policy.

Fixed-Price Residual accounts result from a cash balance remaining in a 07 account, where the sponsor has paid in full and the project is complete. A 17-7 account is established in accordance with the Foundation fixed-price residual policy [#4-130.1](#). For fixed-price projects that are established at less than the full F&A rate for the category – at the completion of the project, the Foundation will recover the full F&A rate and then return the remaining direct cost residual to the project director's 17-7 account.

Expenditures

17 account funds are established to stimulate research and must support the University's mission. There are no Foundation administrative fees charged on 17-account expenditures. Project directors may not deposit external funds into a 17 account, as funds in the 17 accounts result from grant/contract activity (07 accounts) where the Foundation has realized the F&A cost on expenditures.

Administrative Fees

Policy # 5-100.1

The Foundation provides a variety of services in support of the Foundation Program activities. Our goal is to be the best stewards of our donors' contributions, while providing a level of service to our project directors that facilitate achievement of project goals. There is always a difficult balance between compliance with policies and regulations and providing a valued service. We will always strive to accomplish both with effectiveness and integrity.

Administrative fees charged on Foundation Program accounts cover a portion of the Foundation's costs of administering the special project funds.

The Foundation's current administrative fees by project type are as follows:

Project Type	Fund	Fees	Interest	Comments
Special Projects	06,49	11,8,6	0%	**
Capital Improvement	06	0%	*	* See Spending Policy
Transaction Projects	06	1-2%	0%	Charged on Expense or Revenue as negotiated
Scholarship	09-5	0%	*	*See Spending Policy
Research Stimulation	17	0%	0%	

These fees are automatically charged to the project.

- ** Fees are charges as follows: 11% for personnel, 8% for travel, 6% for all other expenditures
- ** Fees are not charged on scholarships disbursed from a Special Project Account

Agreements

Policy # 5-110.1

Special Project Agreement

This agreement is used to authorize the establishment of a project for solicitation of general donations and contributions for Special Projects where the budget activity is generally dependent on the receipt of cash. This agreement is not to be used for submission of proposals that will result in the receipt of a grant or contract.

Before a Project Director solicits money for a Foundation project, a Special Project Agreement must be completed and approved by University Administration and Foundation Management.

Project Directors should acquire Special Project Agreement forms from the Foundation. All of the information on the form should be filled out completely. If the information being requested does not seem relevant to the project, explain why it is not relevant. Attach any information the donor has submitted and any information that is important to the operation of the project that is not specifically asked for on the Special Project Agreement. The more information the Foundation has on a project, the more efficiently the Foundation can serve the project.

After the Special Project Agreement is completed, it must be routed to the College Dean or Director, the Department Chair, and the Division Vice President or Authorized Administrator for approval. The Special Project Agreement should be returned to the Foundation. After the Special Project Agreement is reviewed by Foundation Management, the project is set up on the Foundation computer system and a copy of the agreement is sent to the Project Director. The project is then ready to be used by the Project Director.

Research Stimulation Agreements

Research Stimulation Agreements (RSA) are generated by the Grants & Contracts/Foundation Programs Administrator as necessitated by indirect cost return or fixed-price residual from an 07 (G&C) account. Accounts without current executed Agreements on file will be established as "inactive" and no expenditures will be allowed until the fully-executed RSA is received. Research Stimulation (17) accounts do not require updates, and will remain open as long as the project director has grant and contract activity, or is actively seeking grant funding.

Research Stimulation account inactivity may cause account to be closed. The GCA/FPA will notify the Project Director when they have noted inactivity for over one year, and may proceed to the process of closing out the account. The disposition of the funds in the event the account should be closed is included on the RSA.

Project Purpose

The project purpose must support the mission of the University, College and/or Department, as applicable. A well-defined purpose will allow the Foundation to more efficiently process transactions related to the activities of your project. Documentation supporting the project purpose, such as brochures or links to project websites, is strongly encouraged.

Nature of Anticipated Expenditures

The Nature of Anticipated Expenditures portion of the Special Project Agreement (SPA) assists in establishing guidelines for allowable expenditures; Careful completion of these guidelines in support of the project purpose will facilitate the overall administration of your project. Expenditures that do not comply with the guidelines on the agreement or support the project purpose will not be allowed. Once the project is approved, the guidelines set up in the agreement are strictly enforced by the FPA. Changing or updating expenditure guidelines that support the project purpose require only project director approval. For other changes to the SPA, see section #5-160.1 on Special Project Updates.

Project Numbers/Fund Numbers

Project numbers are determined by the Foundation in accordance with the fund the project is in and the numerical sequence of the order in which the Special Project Agreement or Endowment Agreement was received. Once an Agreement is approved, the account is set up in the Foundation computer system, an email with the project number and fully-executed agreement is returned to the Project Director, with a copy to the College ASM or other appropriate budget officer. Project numbers are eight digits. The first two digits are the fund number, the next four digits are numerical sequence, the last two digits are 00 (i.e. 06-0001-00). Project numbers must be referenced on all documentation sent to the Foundation.

Chart of Accounts/General Ledger Line Item Numbers (G/L line)

All transactions are posted to projects using the project number and a general ledger (GL line item number). Each transaction to be processed must contain both the project number and the GL line item number. The 6-digit GL line item numbers are listed on the chart of accounts (See [Forms](#) page on Foundation's website). The chart of accounts lists the GL line item number and the description of the line item.

Authorized Signers

The Project Director has the option of having Authorized Signers on any project, except on Corpus Endowments (see Endowments in this section). An Authorized Signer must be an employee of the Project, University, or Foundation. An Authorized Signer has the authority to sign all expenses and documentation submitted to the Foundation in the absence of the Project Director. The Authorized Signer must know the purpose of the account and what are considered allowable expenses. **Having Authorized Signers on an account is not a requirement of the Foundation; the policy is set up as a convenience to the Project Director. The Project Director is responsible for all expenditures approved by an Authorized Signer.** An authorized signer is identified on the Signature Authorization Agreement (see [Section 12](#) regarding policies and procedures for Authorized Signers).

Monthly Reports

The Foundation sends monthly project reports to all Project Directors, via email as a PDF attachment. These reports are distributed on the sixth working day of the month. Project Reports must be reconciled to records promptly. The Project Director must notify the Foundation within 30 days (see SPA) after receipt of these reports if discrepancies exist. If the Foundation does not receive any objections to the reported information, the records are deemed to be correct.

Online Access to Project Information

All project directors, designated individuals, department, college & division personnel have access to Foundation Program account information. In addition, University Relations and Development has access to project information. Information regarding online access can be obtained from the Foundation's [Information Systems and Technology](#) department. Once you have your log-in information, click [here](#) for more information.

Special Project Updates

Policy # 5-160.1

Special Project Agreements (SPA) must be updated every five (5) years. The Foundation Programs Administrator, via email to the Project Director, will initiate updates. The PD will receive notification prior to the end date of the project indicating that their project is ending and needs to be updated. Projects that are not updated timely will be inactivated by the Foundation until the approved update is received.

Update notifications will be distributed via email. If there are no changes to the SPA, the PD will respond to the email and copy the College ASM (or Division Budget Officer). This email will be used to update the project, no approvals are necessary.

SPA Changes

The Project Director is responsible for updating the SPA when there are any changes in the purpose of the project. A special project whose purpose is donor-driven cannot be changed without agreement from the donor (or donors). This type of change must be coordinated with the originating Director of Development and/or the Division of University Relations & Development.

For any other changes, the SPA must be updated by the Project Director and be routed for all of the appropriate approvals. The only exception is that a Project Director may approve a change in anticipated expenditures without additional approvals, only if the change is compliant with the stated project purpose, see section 5-120.1 under "Nature of Anticipated Expenditures."