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University Foundation GIFT ACCOUNTS

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*Effective 07/01/2017*

**A. Purpose**

The primary function of University Foundation, California State University, Chico (Foundation) is to carryout philanthropic activities as outlined in its operating agreement between California State University (CSU), as authorized by, CCR Title.5, §42400 et seq. The Foundation also operates in accordance with CSU Executive Order 1059 (ICSUAM Policy #13680) that describes the appropriate placement, control and administration of funds as well as the activities conducted by CSU auxiliary organization. This document clarifies the types of revenue that may be placed into a University Foundation Gift Account as well as the structure under which the funds will be administered.

**B. Accountability and Responsibility**

The Foundation serves as the fiduciary for University Foundation Gift Accounts initiated by gifts toward current operations. In order to fulfill this obligation, the Foundation requires that all gift account holders follow all policies and procedures issued by the Foundation as they relate to gift accounts. Project directors must be current staff or faculty of California State University, Chico or its auxiliaries. Student staff may not serve as project directors or designees.

Negative balances are not allowed. Accounts with negative balances may be closed and will become the liability/responsibility of the department associated with the project director.

**C. Account Establishment**

All gift accounts must benefit or enhance the educational mission of the University. A gift account may only be established after the completion, submission, and approval of a Gift Account Authorization form. [URL Link Inserted]

The Gift Account Authorization form must address:

- Program or activity description
- Detailed description of how the program or activity benefits to the University
- Funding sources
- Expense types
- Ownership and risk factors

Upon review of the Gift Account Authorization form, the Vice President for Business and Finance as the delegate for the campus President will determine that the University Foundation is the appropriate owner of the account by approving the form.

**D. Term of Gift Accounts**

Gift accounts will be established for no longer than five years, after which time they may be renewed. University Advancement staff will track expiration dates by inputting the expiration dates into the University Advancement database. Staff will contact account project directors approximately 6 months prior to expiration date to begin the process of renewing gift accounts if applicable.

**E. Revenue That May be Deposited**

While it may not be possible to describe all sources of revenue that will be allowed for deposit to a gift account as described in the IRS Publication 526, some examples include gifts of cash, membership fees and dues, and in some instances, event registration fees.

**F. Revenue That May Not be Deposited**

The Foundation will not accept for deposit to a gift account funds generated from any of the following sources: government grants and contracts, revenue generated from the sale of goods or services generated from educationally-related activities provided by another auxiliary, revenue from fees directly related to instructional materials, services, field trips, and travel.

**G. Activities with Higher Risk Considerations**

The Foundation maintains liability insurance that is intended to cover most routine business activities. However, some activities create an exposure to risk that may not be anticipated by the general liability insurance policy. Some examples are provided below. When an activity is determined by the Foundation to be outside of the coverage provided by the Foundation general liability policy, the Foundation may require additional insurance or discontinue sponsorship of the account.

<b>May Raise Discussion</b>	
<b>Activity</b>	<b>Potential Areas of Risk</b>
Employment	Legal disputes related to employment, work-related employee injury/illness, and wrongful termination.
Purchasing	Anything that creates air/water pollution, or hazardous materials.
Events	Concerts, poolside events, bicycle rallies, events involving trampolines, bounce houses, sporting events, and fireworks.
Healthcare	Provisions of healthcare services.

<b>Strictly Forbidden</b>	
<b>Activity</b>	<b>Potential Areas of Risk</b>
Daycare/Day Camps	Care of minors or the elderly, and camp operations where minors are involved.
Purchasing, Owning, and/or Operating	Watercraft and/or aircraft

The above list is intended to provide examples of activities which may have higher than average risk. The list is not intended to be all inclusive. The Foundation is to be contacted at least 60 days prior to the start of the activity that may pose additional risk. The Foundation should be consulted any time there is a question about the level of risk associated with a program activity.

**H. Gift Account Review and Oversight**

The Office of the Vice President for Advancement will review gift accounts to ensure that revenue and expenses are appropriate, and fall within the operating agreement between the Foundation and CSU. Accounts that are found to be operating outside their agreement and the guidance set forth in this policy will be evaluated and reviewed for potential transfer to a more

appropriate account arrangement with another CSU, Chico auxiliary. The gift account will be closed.

Monthly, the Research Foundation staff will review gift accounts for negative cash balances. Notifications will be sent to the project directors of any negative accounts, advising them of the negative status and providing a 30-day notice to cure the default before the account is deactivated. Research Foundation staff will also provide a monthly list of negative cash projects to the Office of the Vice President for University Advancement for monitoring.