

Guide for:

FUND USAGE GUIDELINES

Sponsor: UNIVERSITY OF NEBRASKA FOUNDATION FINANCE
DEPARTMENT

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Anticipated Audience(s): University of Nebraska Foundation Staff
University of Nebraska Staff

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¹ This document will be reviewed by UNF management every three (3) years at a minimum and sooner if warranted by internal or external events or changes.



NUFFO Fund Usage Guidelines

Introduction

The University of Nebraska Foundation (UNF) has developed the following guide to assist University of Nebraska (NU) partners in understanding permissible uses of different types of donor funds. While this nonexclusive list of permissible uses may be appropriate in most cases, some funds may have limitations or exclusions not captured in this guide. NU partners are encouraged to review fund governing documents and fund coding to confirm the intended expense meets the criteria determined by the donor. Questions about permissible uses for payment and transfer requests can be directed to the following:

- **Payment Requests** – paymentrequest@nufoundation.org
- **Transfer Requests** – transferrequest@nufoundation.org

Frequently Asked Questions

| Question | Answer |
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| How do I know who the spending authority of a fund is? | Spending authorities are listed on the fund record in NU Foundation Funds Online (NUFFO) and labeled as Spending Authority and Designated Spending Authority . The spending authority is directed by the donor-signed governing document and is available to review via the Fund Summary Memo uploaded to NUFFO. The spending authority or designated spending authority must sign off on all payment and transfer requests before they are processed. If the fund requires dual signature authority, both authorities must sign the request before it is processed. |
| Who do I contact if a change needs to be made to a fund spending and/or viewing authority? | Updates to fund authority should be communicated to the Funds Management team at fundmanagement@nufoundation.org . |
| If my campus has an exclusivity agreement with a vendor (i.e. Pepsi), is there a list of products that are allowed to be purchased? | For a complete list, please contact your campus procurement office. For functions not on university property or that are catered events, these exclusivity agreements may not apply. |
| Can gift cards be purchased for students and/or faculty and staff? | If the fund agreement allows for this type of purchase, yes. Gift cards purchased for students will need to be reported to the financial aid office. Gift cards purchased for faculty and staff will need to be processed through the payroll |



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| | office. There may be tax implications for gift cards provided to students, faculty and staff. |
| Can funds be used to pay for department parties and/or gifts? | If the fund agreement allows for this type of purchase and if the function is providing benefit for the university, yes. For example, a baby shower, wedding shower, retirement gift, etc. all benefit an individual and not the university and would not be allowed. However, team-building activities and events benefit the university and would be allowed. |
| How do I know if my request has been processed? | Payment requests are typically processed within two days of being received by UNF. Transfer requests will be batched and processed weekly. Once fully processed, you will see the transaction appear in financial reports on NUFFO. Electronic payment and transfer requests processed on or after Nov. 1, 2023, can be viewed in the payment and transfer request functional area. |
| How do I know the balance of a fund? | Financial details and fund balances are available through NUFFO. The line labeled Spendable Balance will reflect the funds currently available to spend, except student support funds, which reflect the balance reported on March 1 of the previous year. Note that spendable balances in NUFFO only reflect transactions processed by UNF. Transactions processed by campus and not submitted to and processed by UNF are not reflected in the spendable balance. Additionally, when submitting requests through the electronic payment and transfer request process, users will be able to see a pending spendable balance, which reflects the spendable balance less any in-process payment or transfer requests against the fund. |
| Can a foundation fund be used to pay for upgraded travel? | If the fund agreement allows for travel expenses to be paid and does not specifically limit upgraded travel, those expenses would be permitted and would be reimbursed by the foundation. |
| Who can approve requests for funds that name a group as the spending authority? | UNF is currently reviewing all funds that have groups as spending authority and has updated |



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| | <p>them to name a specific position as the spending authority. Endowed faculty funds that previously named the University of Nebraska Board of Regents as spending authority have been updated as follows:</p> <ul style="list-style-type: none"> • Funds that fall within a single college or institute will appoint the dean or institute director as spending authority. • Funds that support multiple colleges or institutes on the same campus will appoint the executive vice chancellor of academic affairs as spending authority. • Funds that support positions on multiple campuses or university wide institutes will appoint the university provost as spending authority. |
| <p>If the fund governing document is silent or unclear as to what campus or campuses benefit from a fund, how is that determined?</p> | <p>Unless the fund governing document restricts the use of a fund to a specific named campus of the University of Nebraska (or a specific program on a specific campus), the fund may be used to support any current campus of the University operating at the time the fund is used (subject to any other restrictions in the fund governing document).</p> |

Capital Improvement Funds

UNF has developed the following nonexclusive list of permissible expenses for which capital improvement funds may be used if appropriate for the project, unless otherwise limited by restrictions in the fund governing document. Typically, the purpose statement within the agreement will state: “This Fund shall be used for capital improvements related to [project].”

Capital improvement for the purposes of these guidelines includes both new construction and renovation of existing structures. The purpose of this list is to ensure consistent application and use of funds in conformance with donor intent. Any request for clarification or other comments should be directed to the University of Nebraska Foundation Office of the General Counsel.

- Architectural planning, design and engineering
- Site planning and preparation, including construction staging and parking relocation
- Infrastructure
- Facility development
- Real estate acquisition, including sales commissions, recording fees, transfer tax and other transactional costs



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- Environmental and geotechnical assessment
- Surveying
- Insurance
- Fees and assessments for the building permits, other permits, licenses and inspections required by local building code and regulations
- Construction supplies and materials
- Professional services, including construction management, legal, finance, fundraising and other consultation services
- Furniture, fixtures, artwork and other furnishings
- Equipment, computers and related software and warranties and ongoing service or maintenance plans
- Storage and transit of existing furnishings and equipment impacted by construction
- LEED certification
- Landscaping, irrigation and signage (including donor recognition)
- Ongoing renovation, repairs and operational expenses incurred after completion of the facility
- Renovation of reallocated and vacated facilities

Policy on Direct Payment of Vendors: Unless otherwise prohibited by NU policy or Nebraska law, the university shall pay its vendors directly and seek reimbursement from the appropriate foundation fund. Direct payment of vendors allows the university to use its sales tax exemption. However, if a foundation fund is used to pay a vendor directly, the invoice must include any required sales tax, since the foundation is not exempt from paying sales tax.

Discretionary Funds

Discretionary funds are established to provide operational support to specific campuses, colleges, departments, divisions or academic units. The fund governing document does not limit the use of the funds to specific projects, programs or activities. Discretionary funds may include language like “including but not limited to.” While the donor may state a preference for the use of the funds, they do not limit the use beyond that stated preference.

Faculty and Staff Support Funds

Faculty and staff support funds exist to empower NU to recruit and retain high-quality faculty. The uses for faculty and staff support funds typically range from salary support, operating expenses, emergency assistance, professional development, travel, awards and grants. These funds fall within one of the following categories:

Named Faculty Positions

Generally referred to as chairs, professorships, deanships and vice chancellorships, these funds provide salary and/or operational support for the recipient’s teaching, research and creative activities,



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unless otherwise noted in the governing document. Recipients are appointed in accordance with University of Nebraska Board of Regents Policy RP-4.3.4 Approval of Appointments to Endowed Chairs and Named Professorships, and UNF may require evidence of the appointment before authorizing expenditures from the fund.

UNF's board of directors adopted a resolution June 21, 2018, to establish and implement a standard rubric for consistent administration of professorships and chairs. It states, in part:

- 1) Professorships, chairs and other similar named-position funds may be used as set forth below, unless such use is expressly prohibited by its governing document.
 - a) Salary for the recipient, including all proportional fringe benefits and salary expenses (e.g. retirement, FICA, health insurance, life insurance, unemployment compensation, workers compensation and leave payouts).
 - b) Expenses related to the recipient's teaching, scholarly research and creative activities (collectively, "programmatic support"), provided, however, that if the recipient is an NU administrator, such programmatic support may also be used for the benefit of the recipient's academic unit. Examples of permissible expenses:
 - i) Salary and fringe benefits of non-tenure-track research, post-doctoral, clinical and visiting professors and associates
 - ii) Salary and fringe benefits for undergraduate/graduate research and undergraduate/graduate teaching assistants
 - iii) Travel and related expenses
 - iv) Equipment, computers and related software
 - v) Professional conference registration and presentation materials
 - vi) Professional membership dues
 - vii) Scholarly books and periodicals
 - viii) Administrative support
 - ix) Teaching, clinical or research release time
 - x) Summer support for faculty holding nine-month appointments
 - xi) Reasonable startup expenses incurred immediately prior to the recipient's appointment
 - xii) Other expenses directly related to enhancing the recipient's research and creative activities
 - c) Recruiting expenses for a new recipient if the position is vacant.

UNF has determined that, as allowed by University of Nebraska Board of Regents Policies, part of a recipient's programmatic support may include salary and fringe benefits of tenure-track faculty other than the recipient.



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In the event a departing recipient fails to fully expend their allocation of programmatic support, UNF's chief financial officer or designee shall work with the NU to avoid any undue benefit to the new recipient.

UNF has reviewed all professorship and chair funds to determine whether their governing documents expressly prohibit any of the uses described above. An express prohibition is an affirmative written statement by the donor specifically excluding one or more generally acceptable uses of a professorship. If a governing document is silent on a particular use, then that use is permitted. While the governing document is the final authority, NU may rely on guidance issued by UNF's general counsel and chief financial officer.

Unless specified in the governing document, the number of faculty positions awarded from a fund is at the determination of NU. If the governing document is silent on the number of awards that are permitted, multiple awards are permissible.

General Faculty and Staff Support

A broad range of support, General Faculty and Staff Support funds enable NU to offer financial resources for a variety of faculty and staff activities, including but not limited to:

| Purpose Code | Description |
|--|---|
| Awards – Faculty and Staff | Paid to the recipient, above and beyond their standard salary, in recognition of various achievements as directed by the fund governing document. |
| Emergency Assistance-Faculty and Staff | Paid to the recipient, above and beyond their standard salary, to provide financial resources when facing hardship. |
| Grants – Faculty and Staff | Paid to the recipient, above and beyond their standard salary, to provide financial support for various projects and undertakings as directed by the fund governing document. |
| Professional Development | Funds available to support professional development activities. This includes registration fees, travel expenses and other costs associated with participation in said activity, unless otherwise noted by the fund governing document. |
| Travel – Faculty and Staff | Funds available to support travel expenses associated with the scholarly work, research or creative activities of NU faculty and staff, unless otherwise noted by the fund governing document. |



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Programmatic and Project Support Funds

Programmatic and Project Support funds are established to support specific program and project initiatives at NU. The fund governing document and fund coding will specify what project or program the fund has been established for and any additional criteria for how the fund can be used to support the initiative. These funds can be used to provide operational costs related to the program or project, unless otherwise noted in the governing document.

Research Funds

UNF has developed the following nonexclusive list of permissible expenses for which research funds may be used unless otherwise limited by restrictions in the fund governing document. The purpose of this list is to ensure consistent application and use of funds in conformance with donor intent. Any request for clarification or other comments should be directed to the University of Nebraska Foundation Office of the General Counsel.

- Summer salary and fringe benefits for faculty with less than 12-month appointments
- Salary and fringe benefits of non-tenure-track research, post-doctoral, clinical and visiting professors and associates
- Salary and fringe benefits of tenure-track faculty as part of general research support
- Travel and related expenses
- Equipment, computers and related software
- Professional conference registration and presentation materials
- Professional membership dues
- Scholarly books and periodicals
- Salary and fringe benefits for undergraduate/graduate research and undergraduate/graduate teaching assistants

Research funds held by the foundation shall not be used for Facilities and Administrative (F&A) costs. RP-6.6.8 Use of Gifts to Replace Public Funds Prohibited states:

The donation of gifts to the University of Nebraska Foundation for the benefit of the University shall be applied for the improvement of academic programs of the University in accord with donor intentions and will not be used to replace fiscal support of such programs from public funds.



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Student Support Funds

Student support funds exist to provide financial assistance to students enrolled at NU. Questions on cost of attendance, taxable benefits and disbursement of funds should be directed to the appropriate campus office of scholarships and financial aid.

Student Support Fund Types

| Purpose Code | Description |
|---------------------------------------|---|
| Awards – Students | Cash awards available to be awarded to university students. |
| Emergency Assistance-Students | Cash awards or grants to students experiencing emergency needs as determined by the university. |
| Fellowship – Graduate Student | Financial aid provided to graduate students based on academic standing or other criteria. |
| Graduate Assistantship | Financial assistance for students in return for services provided to the university. |
| Grants – Students | Funding provided to university students outside of their normal financial aid and awards package. |
| Loans – Students | Funds that provide short or long-term loans to university students. |
| Research – Graduate Students | Support of university research activities restricted to graduate student use. |
| Research – Undergraduate Students | Support of university research activities restricted to undergraduate student use. |
| Scholarships – Undergraduate Students | Financial aid provided to undergraduate students based on academic standing or other criteria. |
| Scholarships – Graduate Students | Financial aid provided to graduate students based on academic standing or other criteria. |
| Travel – Students | Support for student travel expenses, including but not limited to airfare, rental vehicles, meals, lodging and incidentals. |

Student Support Funds Glossary of Terms

UNF has developed the following glossary of common terms governing student support funds to provide guidance to the staff of NU and UNF in the administration of these funds. These definitions will serve to ensure consistent application and use of funds in conformance with donor intent.



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| Term | Description |
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| Annually or otherwise | A fund agreement may include the language “This fund shall be used annually or otherwise for one or more scholarships...” Unless otherwise stated in the fund agreement, a scholarship or fellowship may be awarded in any combination of the fall, spring and summer semesters consistent with policies established by campus offices of scholarships and financial aid. |
| Award or Prize | An award or prize is financial support paid directly to a student. Awards or prizes may constitute taxable income to recipients under the Internal Revenue Code. |
| Criteria/Restrictions | A binding expression of donor intent defining the pool of eligible candidates. UNF cannot accommodate the addition of criteria or restrictions that are illegal or that conflict with the NU’s Notice of Nondiscrimination. |
| Fellowship | The foundation follows the University of Nebraska Board of Regents’ policy (RP-5.8.1) in defining the terms fellow and scholar. Grants-in-aid to graduate students requiring no service are termed fellowships. Fellowships are generally applied directly to a student’s university account for tuition, fees, books and required supplies. Fellowship support in excess of a student’s tuition, fees, books and required supplies (for example, fellowship support applied to room and board) may be considered taxable income under the Internal Revenue Code. Please note that, except in very limited circumstances, donors cannot be involved in the selection of fellowship recipients, according to IRS guidelines. |
| Financial Need | If a fund requires or gives preference to a student who demonstrates financial need, the appropriate campus financial aid office shall determine whether a student has financial need as determined by federal financial aid guidelines. |
| Maximum Scholarship and Fellowship Amounts | Unless otherwise specifically allowed under the terms of the fund agreement, scholarships and fellowships generally should not be awarded in amounts exceeding the cost of the recipient’s tuition, fees, books and required supplies, regardless of whether the recipient is enrolled part time or full time. Support in excess of a student’s tuition, fees, books and required supplies (for example, scholarships or fellowships applied to room and board) may be considered taxable income under the Internal Revenue Code. |



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| Term | Description |
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| Preference | Preference is a nonbinding expression of donor intent defining the pool of candidates eligible for a scholarship or fellowship. A spending authority shall make their best effort to identify candidates who meet the preference. For example, the statement "Preference shall be given to residents of Nebraska" means that, between two qualified candidates, the one who is a Nebraska resident should be awarded the scholarship or fellowship. However, if no Nebraska residents qualify, then the scholarship or fellowship may be awarded to a non-Nebraska resident who meets all other criteria. UNF cannot accommodate the addition of preferences that are illegal or that conflict with the NU's Notice of Nondiscrimination. See also: Criteria. |
| Regularly Enrolled | A fund agreement may include the language "This fund shall be used annually or otherwise for one or more scholarships to regularly enrolled undergraduate students..." Unless otherwise stated in the fund agreement, candidates for scholarships and fellowships shall be enrolled or intending to enroll and shall be in <i>good academic standing and be making satisfactory academic progress</i> as those terms are defined by the university and may include students who are less than full-time enrolled. |
| Renewal | A fund agreement may include the statement "All scholarships awarded hereunder may be renewed upon continued maintenance of all criteria herein." In such an event, preference shall be given to renewing a past recipient's scholarship or fellowship if the recipient continues to meet the criteria set forth in the fund agreement. |
| Scholarship | The foundation follows the University of Nebraska Board of Regents' policy (RP-5.8.1) in defining the terms fellow and scholar. Grants-in-aid to undergraduate students requiring no service are termed scholarships. Scholarships are generally directly to a student's university account for tuition, fees, books and required supplies. Scholarship support in excess of a student's tuition, fees, books and required supplies (for example, scholarship support applied to room and board) may be considered taxable income under the Internal Revenue Code. The foundation has further defined scholarships to include grants-in-aid requiring no service made to students enrolled in professional disciplines (e.g. law, medicine, dentistry, pharmacy, etc.). Please note that, except in very limited circumstances, donors cannot be involved in the selection of scholarship recipients, according to IRS guidelines. |
| Spendable Amount | The spendable amount for scholarships and fellowships is reported annually as of March 1. For example, the spendable amount reported as of March 1, 2023, is the amount available to be awarded for the 2023-2024 academic year. |



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| Term | Description |
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| Spendable Net Income (Distribution) | If a fund is an endowed fund, its principal is considered a permanent endowment and is kept intact and invested in accordance with the foundation's investment policies, with the spendable net income (distribution) generated therefrom available for the purpose of the fund. Spendable net income (distribution) refers to the permitted annual spending amount for the endowed fund as determined in accordance with the foundation's investment and spending policy. A copy of the foundation's current investment and spending policy is available upon request. For scholarships and fellowships, if the fund agreement <i>requires</i> reinvestment of excess spendable net income (distribution) (applicable to endowed and quasi-endowed funds only), the foundation shall automatically reinvest all remaining spendable net income (distribution) with the principal of the fund as of Feb. 28 of each year. If the fund agreement <i>permits</i> but does not require reinvestment of excess spendable net income (distribution), the fund's spending authority must notify the foundation in writing and specify the amount of excess spendable net income (distribution) to be reinvested. If the foundation receives no written notification of reinvestment, excess spendable net income shall remain available for expenditure. |
| Spending Authority | The position responsible for administering and authorizing expenditures from a fund. |

