

# Spending Foundation Funds Procedures <sup>1</sup>

## Contents

	Page No.
Definitions.....	1
Summary Instructions.....	2
Workflow: Notification, Spending Plan, Budget (Visio).....	3
Workflow: Getting Funds in Place (Visio).....	4
Workflow: Return of Unspent Funds (Visio).....	5
Allocation and Approval of Restricted Foundation Funds.....	6
Budgeting and Notification of Unrestricted Foundation Funds.....	7
Transferring Foundation Funds to Chart 1.....	8

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<sup>1</sup> <https://docs.google.com/document/d/1zXAyhvemv4CJhcGYJV9Z6Jc8TImXiET/edit>

## Definitions for the Purpose of this Procedure

1. ACH -An acronym used for Automated Clearing House that describes the electronic funds transfer between financial institutions.
2. Allocation -A specific amount of revenue a department can spend in a fiscal year.
3. Chart 1 -The Chart of Accounts that reference the University funds. These are typically revenues generated from tuition, fees, housing, and auxiliary. The revenues are generally spent through departmental operating accounts.
4. Chart 2 -The Chart of Accounts that reference the Foundation funds. These are typically revenues gifted and or endowed to FSU and managed by the Foundation through investments.
5. Chart of Accounts (or COA) -A list of organized financial accounts set up for transactions against the General Ledger. FSU uses multiple charts.
6. Check Run -The weekly processing of payments to vendors
7. Deposit -a process that records the entry of cash
8. Dynamic Form -refers to an Electronic Budget transfer form found on our Financial Services/Budget webpage. (for the purposes of this procedure)
9. FOAPAL -A six character acronym that represents the Fund, Organization, Account, Program, Activity and Location (not used at FSU) codes that identify the transactional detail relating to our Chart of Accounts
10. Restricted Funds -Funds that must be spent for the purpose in which they were donated/granted/gifted/etc. Foundation accounts usually refer to Restricted Funds as funds that are endowed and/or invested.
11. Spending Plan -A detailed plan for how a department wants to spend their allocation for the fiscal year. Typically includes a list of expenditures matched to a FSU account code with the amount.
12. TFV -An acronym for Trust Fund Voucher -A form used to process an internal invoice that generates a transfer of cash.
13. Unrestricted Funds -Funds that have no spending restrictions and are free to be spent for what is needed by department
14. Workflow -A visual diagram of the process using the software Visio.

## **Summary of Procedures**

The process for spending Foundation funds was updated on September 1, 2022. There are two procedures: one for Restricted funds and one for Unrestricted funds.

### **Restricted Funds**

Departments will continue to be notified by the Vice President of Advancement of their Fiscal Year allocation. The departments will develop a Spending Plan and submit it to the VP of Advancement regarding their plans for spending their allocation. Once the VP of Advancement approves the departmental spending plan, a FOAPAL will be assigned. If the Departmental Spending Plan indicates personnel and/or travel related expenses, departments will be assigned a FOAPAL using Chart 1 so these expenses will process on the University side. All other expenses will be processed using a Chart 2 FOAPAL so they will be processed on the Foundation side.

### **Unrestricted Funds**

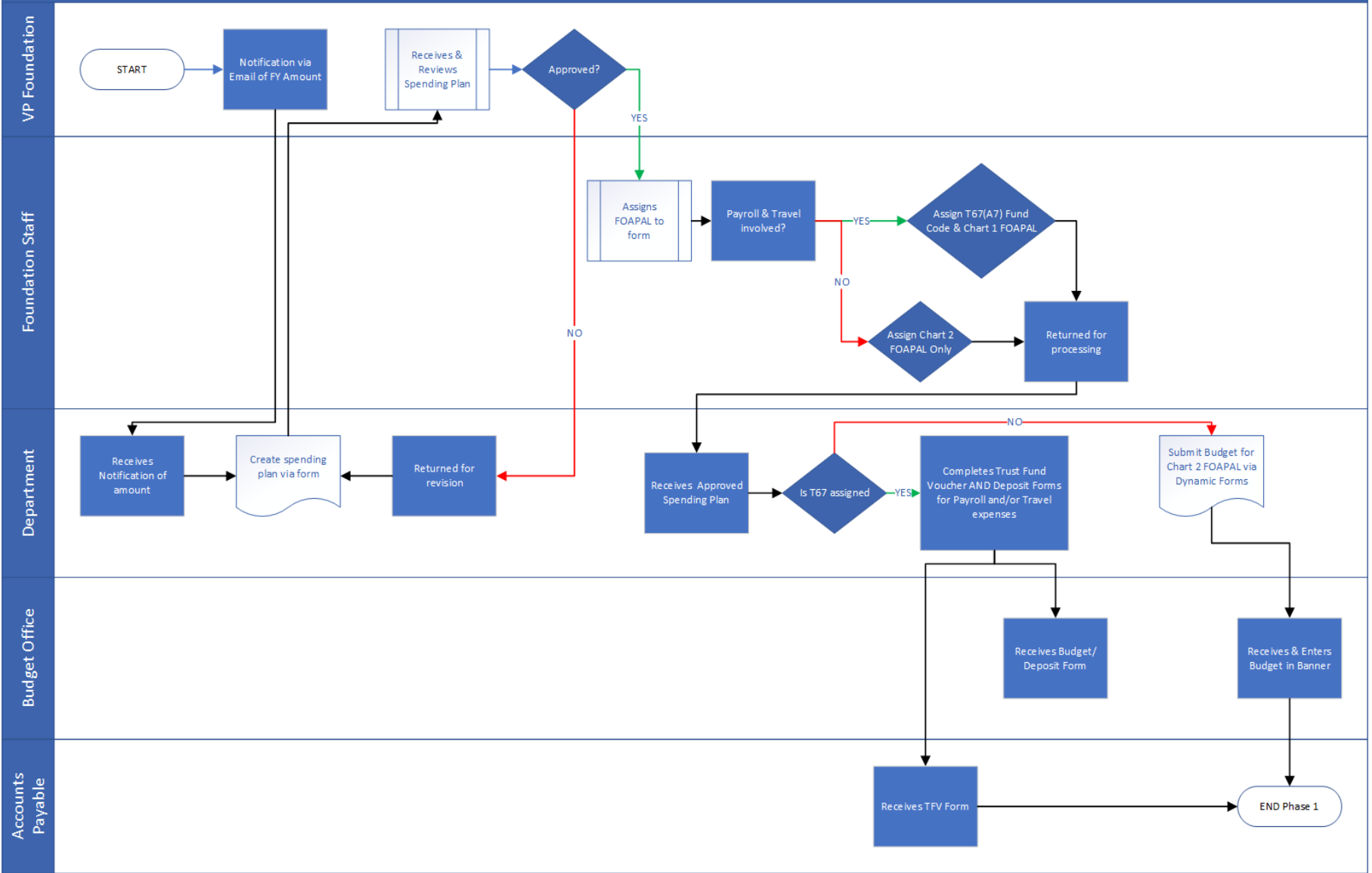
The Budget Office will run a Trial Balance report to capture the amount available. As part of the annual budget process, the Budget Office will enter the amount available as budget in the department's Chart 2 T00 line of their Fund and Org code. Departments will be notified via their departmental budget letter of the amounts available in the Foundation as well as the University trust fund accounts. If departments have personnel or travel expenses, they should follow the procedures below for transferring funds from the Foundation to the University via the Trust Fund Payment Voucher.

### **Reconciliation at End of Fiscal Year**

At the end of each Fiscal Year, the Budget Office will reconcile the funds that were transferred to the University (T67(A7)) and return any unspent funds to the originating Foundation account.

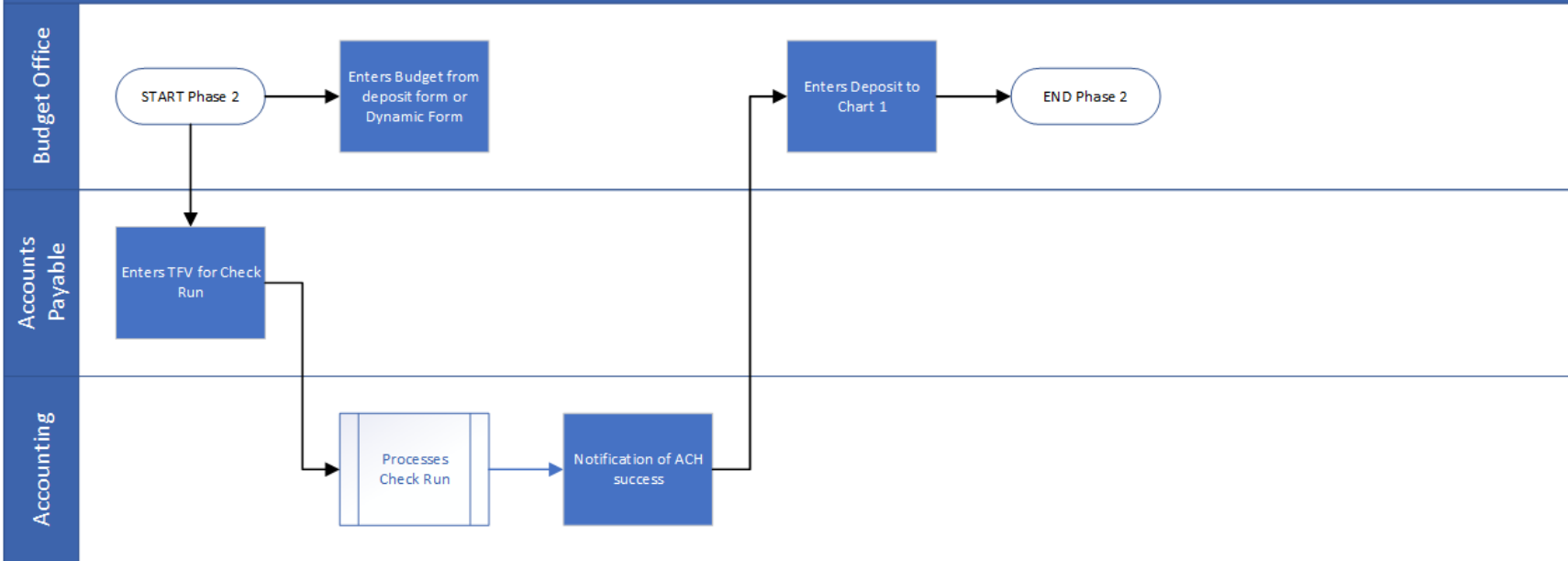
Foundation Funds: Notification, Spending Plan, Budget

Phase 1



# Foundation Funds: Getting Funds in Place

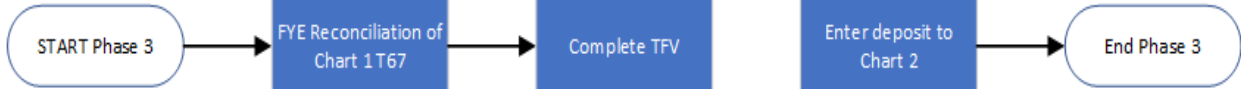
Phase 2



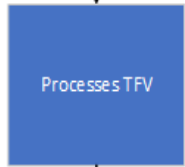
# Foundation Funds: Return of Unspent Funds

Phase 3

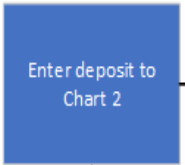
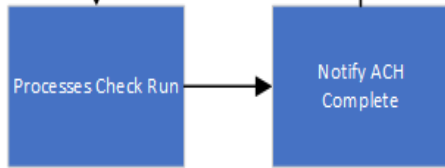
Budget Office



Accounts Payable



Accounting



### **Procedure: Allocation and Approval for Restricted Foundation Funds**

- 1) VP of Advancement notifies Deans and Department Heads of available funds in the Foundation to spend for the year and copies the Budget Office
- 2) The Department creates a Spending Plan using the Fitchburg State Foundation Spending Plan form and submits it to the Vice President of Advancement for review and approval with a copy to the Budget Office.
- 3) When approved, the Vice President of Advancement sends it to the Advancement Staff to assign the FOAPAL
- 4) Advancement Staff assigns the FOAPAL where the funds are coming from in the Foundation and sends the form to the Department.
  - a) If personnel and/or travel expenses are involved, a Chart 1 FOAPAL will be assigned. All personnel will be coded with the fund code T67A7. All travel will be coded with the T67 fund code.
  - b) Other non-personnel and/or travel expenses will be assigned a FOAPAL using Chart 2.

## **Procedure: Budgeting and Notification of Unrestricted Foundation Funds**

1. The Budget Office runs a Trial Balance to determine the amount of funds available.
2. The Budget Office enters the amount as budget in the department's Chart 2 T00 line of their Fund and Org code.
3. The Budget Office notifies the department via their annual Departmental Budget letter of the amounts available in the Foundation as well as the University trust fund accounts.
4. If departments spend their funds on personnel and/or travel expenses, they should follow the procedures for Transferring Foundation Funds to Chart 1.
5. As the department spends the Unrestricted allocation, they should process budget transfers from the T00 line to the budget pool associated with the expense.
6. Departments will process Purchase Orders and code their PCard purchases using their Chart 2 FOAPAL for all non-personnel and/or travel related expenses. Please note that Purchasing procedures will still need to be followed (see Procurement webpage).



## **Procedure: Transferring Foundation Funds to Chart 1**

- 1) Department completes a Trust Fund Voucher form and Combo Deposit Budget form and submits to Budget and Accounts Payable. (A Trust Fund Voucher is invoicing the Foundation using the FOAPAL that Advancement Staff assigned to the Spending Plan form. The Deposit form is depositing funds to the university using a T67 fund code.)
- 2) Accounts Payable processes the Trust Fund Voucher as an Invoice to the Foundation paying the University (this produces the ACH)
- 3) The Accounts Payable Manager approves the Trust Fund Voucher as part of the batch and sends to the Accounting Staff to process
- 4) Once the Accounting Staff completes the check run and the ACH is processed successfully, he/she will submit the deposit form to the Budget office.
- 5) The Budget office will enter the Deposit and make the cash entry in Banner and enter the budget for the same amount.
- 6) Departments can begin spending funds.
- 7) At the end of the fiscal year, the Budget office will reconcile the cash.
- 8) Budget will process a Trust fund voucher to return any unspent funds to the Foundation.



## Fitchburg State Foundation Spending Plan

Department: \_\_\_\_\_ Total Amount \$ \_\_\_\_\_

Submitted By: \_\_\_\_\_ Date: \_\_\_\_\_

Dean Approval: \_\_\_\_\_ Date: \_\_\_\_\_

**Personnel Expenses: (add fringe & tax as a D09 if applicable)**

Account: \_\_\_\_\_ Description: \_\_\_\_\_ Amount: \_\_\_\_\_

Account: \_\_\_\_\_ Description: \_\_\_\_\_ Amount: \_\_\_\_\_

Account: \_\_\_\_\_ Description: \_\_\_\_\_ Amount: \_\_\_\_\_

Account: \_\_\_\_\_ Description: \_\_\_\_\_ Amount: \_\_\_\_\_

**Operating Expenses:**

Account: \_\_\_\_\_ Description: \_\_\_\_\_ Amount: \_\_\_\_\_

Account: \_\_\_\_\_ Description: \_\_\_\_\_ Amount: \_\_\_\_\_

Account: \_\_\_\_\_ Description: \_\_\_\_\_ Amount: \_\_\_\_\_

Account: \_\_\_\_\_ Description: \_\_\_\_\_ Amount: \_\_\_\_\_

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Account: \_\_\_\_\_ Description: \_\_\_\_\_ Amount: \_\_\_\_\_

Account: \_\_\_\_\_ Description: \_\_\_\_\_ Amount: \_\_\_\_\_

**Additional Comments:**

**OFFICE USE ONLY:**

Approved By: \_\_\_\_\_ Date: \_\_\_\_\_

Chart 2 Foundation: FUND \_\_\_\_\_ ORG \_\_\_\_\_

**PURPOSE OF FORM:**

The Advancement office will notify the department head of funds available to be spent for the fiscal year. The Advancement office is responsible for ensuring funds awarded are spent in accordance with the original intent of the donor. Therefore, a spending plan must be submitted by the department head to the VP of Advancement for approval. Once completed, email the form to [jwolfman@fitchburgstate.edu](mailto:jwolfman@fitchburgstate.edu) If the spending plan is approved, the Advancement Staff will complete the Chart 2 Foundation Fund and Org codes for you to use on the Trust Fund Voucher.

**INSTRUCTIONS FOR COMPLETING FORM:**

#1 Department -Enter the name of the department spending the funds.

#2 Total Amount -Enter the total award amount available for the fiscal year.

#3 & #4 Submitted By & Date -Enter the name of department head submitting the plan and Date.

#5 Personnel Expenses -If there are personnel expenses, enter each expense separately on the lines provided.

#6 Account -Enter the Account Code the expense will be charged to in Banner.

#7 Description -Enter the Vendor and brief description of the expense

#8 Amount -Enter the amount of that particular expense.

#9 Operating Expenses -Enter each non-personnel expense separately on the lines provided.

#10 Additional Comments: -A place to enter additional comments, description, or notes as needed.