OVPCFO Policy I-460

“Depositing of Revenue for the Sale of Goods and Services at the IU Foundation”

(www.indiana.edu/~vpcfo/policies/accounting/i-460.html)
Rationale

To define the process for when funds generated through the sale of a good/service can be deposited or transferred to the IUF from IU.
Rationale (cont’d)

Note: The IUF was established to provide IU with services such as: fundraising, money mgmt. and spending flexibility with gift dollars.
Funds received by the IUF that do not relate to these CORE services jeopardize the foundation’s tax-exempt status.
Policy

Payments made to IUF by IU can only be made when goods/services have been provided to the university by IUF. Revenues generated with university resources...
Policy (cont’d)

...through the sale of goods/services CANNOT be deposited or transferred to the IUF (this includes program income generated through sponsored research).
Procedures

Revenues generated using university resources through the sale of goods/services must be deposited into an IU account.
Procedures (cont’d)

Funds necessary for expenditures related to revenue generating activities that are unallowable expenditures by university policy...
Procedures (cont’d)

...may be transferred to the IUF with documentation. This transfer is allowable if revenues exceeded activity expenditures (see Accounting Admin. policy I-50)
Definitions

University Resources: Include use of IU facilities and equipment, faculty and staff time, and funds consumed for the revenue-generating project/activity.
Definitions (cont’d)

Unallowable Expenditures: Are expenditures identified by IU financial policies as unallowable with university resources. For that reason...
Definitions (cont’d)

...if the expenditures are legitimate business expenses, they are classified as reasonable unallowable expenditures...
Definitions (cont’d)

...related to the revenue generating activity and can be covered out of the IUF with a transfer from the university.
Cross-References

OVPCFO Policy I-50: “Allowable Hospitality Expenses”

www.indiana.edu/~vpcfpo/policies/accounting/i-50.html
OVPCFO Policy VI-121*: “Establishing and Modifying Revenue Producing Activities (RPA)”

*Note: Supersedes and Replaces OVPCFO Policy I-450

www.indiana.edu/~vpcfopolicies/treasurer/VI 121 Revenue Producing January 2011.docx
Important Notice 00-6, “Program Income”

www.fms.indiana.edu/cg/imp_notice/00-6.asp
Important Notice 93-1, “Deposit of Funds on Contract and Grant Accounts”

www.fms.indiana.edu/cg/imp_notice/93-1.asp
Questions?