



## **Fiscal Policy – Rule 03-150-302**

# **Agricultural Research Foundation**

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## **1. Summary**

- 1.1.** The [Agricultural Research Foundation](#) (ARF) is a 501(c)(3) nonprofit organization incorporated in 1934 to encourage, facilitate, aid, promote and engage in scientific investigation, research experimentation, and to support educational training activities relating to agriculture and natural resources.
- 1.2.** As a component unit of Oregon State University (OSU), ARF assists in securing funding for diverse research projects. Sources of funding include gifts, grants and voluntary contributions from various entities and individuals connected, affiliated, associated or collaborating with OSU.
- 1.3.** All Budget Authorities, Managers, Supervisors and any employee who would be in a position of accounting for activities pertaining to university business when paid by ARF funds should be informed and understand this rule.

## **2. General Requirements**

### **2.1. Contributions Received**

- 2.1.1.** Donations from individuals and entities interested in helping to sponsor events may be accepted by ARF. ARF may be involved in handling funds when sponsoring such events.
- 2.1.2.** Contributions for facility and building projects must be processed through the OSU Foundation (OSUF). This includes major capital campaigns.
- 2.1.3.** OSUF is the recognized OSU-affiliated organization for most endowed student scholarships. Endowments for student scholarships may only be established through ARF for specific donor requests with ARF approval. To ensure a student's eligibility for financial aid is not jeopardized and financial aid is accurately reported, all scholarship and fellowship funding supported by ARF shall be sent to OSU to credit the individual student account.
- 2.1.4.** An OSU employee or unit may not deposit revenue into ARF when generated from OSU sponsored workshops, conferences, seminars, retirement lunches or similar activities.

- 2.1.5. An OSU employee or unit may not deposit revenue into ARF for providing testing or any services. The client shall pay OSU directly, using the OSU fee book system for routine testing and development work.

## 2.2. Allowable Expenses

- 2.2.1. Generally, all costs associated with fulfillment and administration of OSU's mission (instruction, research and public service) must be paid through the OSU financial system.
- 2.2.2. Expenses that are unallowable under OSU policies or are not directly related to fulfilling the research, outreach and teaching missions of OSU, should be sent directly to ARF for payment (e.g. alcohol, fundraising and public relations).
- 2.2.3. Any expense that is reimbursed through ARF must be consistent with limitations imposed by their status as a non-profit corporation and ARF's fiduciary duties under Oregon law.
- 2.2.4. ARF must follow Internal Revenue Service (IRS) code as a tax-exempt charitable organization, the service contract with OSU, the Oregon Administrative Rules (OARs) that govern the Oregon Board of Higher Education (OBHE) and any restrictions or directions imposed by donors.
- 2.2.5. ARF funds may not be used to fulfill State or other unit deficits. An OSU employee may not redirect funds from the fulfillment of an FA index to a different research purpose without first obtaining permission from ARF. FA indexes follow [OSU grant/contract policies](#). This includes those in the [Unallowable Costs Policy](#).

## 3. Required Process

### 3.1. ARF General Information

- 3.1.1. The ARF Executive Director makes all final decisions regarding [ARF policies and procedures](#).
- 3.1.2. ARF assesses an administrative fee on some gifts, as defined in [ARF Gift Funds](#).
- 3.1.3. Sponsored research does not carry an overhead charge of any type.
- 3.1.4. Additional guidelines are outlined in [ARF Distribution/Reimbursement](#).

### 3.2. Direct Payments from ARF

- 3.2.1. To pay a vendor directly from ARF without going through the OSU financial system, units must submit an [ARF Payment Request Form](#) with supporting documentation that complies with the donor's intent including restrictions.

**3.2.2.** Some expenses that can be paid directly through ARF include (but are not limited to):

- a) Retirement receptions
- b) Remembrances, memorials or celebration of life events

**3.2.3.** The following expenses cannot be paid directly by ARF:

- a) Salary/benefits of OSU employees (including students)
- b) Other taxable personnel costs (including, but not limited to, moving allowance)
- c) OSU internal fees processed by journal voucher (including, but not limited to, testing services, university supplies, printing services, communications services and university-sponsored conference registration)
- d) Employee travel reimbursements (account codes 394xx – 397xx).
- e) Capital equipment purchases (account codes 401xx – 40201).

### **3.3. Reimbursements from ARF to OSU**

**3.3.1.** To process reimbursements from ARF, units must submit a [reimbursement request](#) with supporting documentation that complies with the donor's intent including restrictions.

**3.3.2.** Restricted ARF funds must not be overdrawn at the fiscal year-end (FYE). Requests to the foundation(s) to reimburse funds should be processed as soon as possible after the expenditures are made.

**3.3.3.** Some expenses that are reimbursable through ARF include (but are not limited to):

- a) Expenses directly related to fulfilling the research, outreach and teaching missions of OSU
- b) Facility and/or building remodel or minor upgrade projects (except if the support is used to fund capital construction projects, then a [plant fund](#) to transfer ARF funds into will be established)
- c) Fundraising and public relations expenses
- d) Donor relation expenses
- e) Promotional activities and give-away items
- f) Awards and recognition events

### 3.4. Recording Expenses

**3.4.1.** Expenses incurred to fulfill the requirements of an ARF funded activity are either paid directly by ARF or through the index where the Fund, Organization and Program codes best fit the activity/function according to OSU policies for disbursements. See section 2.2 for specific details about allowable expenses,

a) FAxxxx (FA) Sponsored Research Agreement

- The Office of Sponsored Research and Award Administration (OSRAA) establishes individual FA indexes when an award document is received from ARF supporting a specific research proposal.
- These are direct payment indexes and should never have a negative balance.
- Revenue is received based on the payment schedule in the award document and a work plan is submitted to OSRAA.
- If approved, the FA index is set up and budgeted amounts are funded by ARF.
- When money is needed for the project, the unit requests funds to be transferred from ARF to the FAxxxx budget.
- FA indexes have end dates and new proposals must be submitted to OSRAA every five years to receive new index numbers.
- The program code of either 15003 Sponsored Research on Campus or 15503 Sponsored Research Off Campus is used.
- See section 3.2 for more information on direct payments from ARF.

b) FGxxxx (FG) Unrestricted Gifts

- The Financial Accounting and Reporting group establishes FG indexes to be used for departmental research, outreach through the extension program or a university center/institute, scholarships/fellowships or regular instruction.
- These are reimbursable indexes that do not have funded budgets and should never have a positive balance.
- Units make purchases using the FG index and then send reimbursement requests to ARF who will write a check to OSU to cover the expenses.
- If these funds are negative at FYE and unable to be resolved quickly with cooperation from ARF, the negative balance will be transferred to the unit's E&G funds to bring the balance in the fund to zero.
- See section 3.3 for more information on reimbursements from ARF to OSU.

c) FXxxxx (FX) Accumulation of Sponsored Agreements by Organization

- The Office of Sponsored Research and Award Administration (OSRAA) sets up one FX index per unit for ARF sponsored projects that are not large enough in dollar terms to justify setting up an FA index.
- These are reimbursable indexes that do not have funded budgets and should never have a positive balance.
- Units make purchases using the FX index and then send reimbursement requests to ARF who will write a check to OSU to cover the expenses.
- If these funds are negative at FYE and unable to be resolved quickly with cooperation from ARF, the negative balance will be transferred to the unit's E&G funds to bring the balance in the fund to zero.
- The program code of either 15003 Sponsored Research on Campus or 15503 Sponsored Research Off Campus is used.
- See section 3.3 for more information on reimbursements from ARF to OSU.

## 4. Related Information

- 4.1. Please check with your supervisor for unit-level procedures related to this rule and other resources that may not be listed below.
- 4.2. [University Policy 03-100 Fiscal Policy Program Authority](#)
- 4.3. [Fiscal Policy-Rule 03-150-208 Gift Funds](#)
- 4.4. [Agricultural Research Foundation Website](#)
- 4.5. [Definitions of Terminology](#)
- 4.6. [Frequently Asked Questions](#) (FAQs)

## 5. History

- 5.1. Original Issue Date: 08/2008 (*FIS 509 Relationship Between OSU and the Agricultural Research Foundation & all related activities*)
- 5.2. Previous Versions: 05/2015; 03/2016
- 5.3. Next Scheduled Review Date: 06/2028

## 6. Contacts

- 6.1. Policy Steward: Director of Financial Accounting & Reporting ([contact info](#))
- 6.2. Program: Fiscal Policy Officer ([contact – for program inquiries only](#))