

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

FIN-ACC-I-460



About This Policy

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Responsible University Office:
Financial Management Services

Responsible University Administrator:
Vice President and Chief Financial Officer

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Related Information

- * [VI-121, Establishing and Modifying Revenue Producing Activities](#)
- *
- * [Important Notice 93-1, Deposit of Funds on Contract and Grant Accounts](#)

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Policy Statement

Payments made to IUF by IU can only be made when goods or services have been provided to the university by IUF. Therefore, revenues generated with university resources through the sale of goods or services cannot be deposited or transferred to IUF. This includes program income generated through sponsored research.

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Reason For Policy

To create guidelines for when funds generated through the sale of a good or service (sometimes coded as "other income") can be deposited or transferred to the Indiana University Foundation (IUF) from Indiana University (IU). The IUF was established to provide IU with services that include fundraising, money management and spending flexibility with gift dollars. Funds received by IUF that do not relate to these core services jeopardize the foundation's tax-exempt status.

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Procedure

Revenues generated using university resources through the sale of goods or services must be deposited in an IU account. Funds necessary for expenditures related to revenue generating activities that are unallowable expenditures by university policy may be transferred to the Foundation with documentation. This transfer is allowable if revenues for the activity exceeded activity expenditures (according to Indiana University Financial Institutional Policy I-50).

The process for the documentation is as follows:

1. An IU disbursement voucher (DV) must be processed and made out to IUF.
2. The account used on the DV must be the same account receipted the related revenue generating activity.
3. Copies of the receipts (of invoice) should be attached to the DV.
4. In addition, attached to the DV should be the IUF check request, with the original receipts (or invoice) attached for the reimbursement or payment of the expense.
5. Campus administrative approval must be recorded on the DV in order for it to be processed by accounts payable. This would be accomplished via ad hoc routing in the KFS. Campus approval is confirming that the payment taking place is related to a revenue generating activity, that the expense is not allowable by the university, but appropriate to the occasion and that enough revenue was earned to support the unallowable expense.

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Definitions

University Resources: Include use of IU facilities and equipment, faculty and staff time, and funds consumed for the revenue-generating project.

Unallowable Expenditures: Are expenditures that through IU financial policy have been identified as unallowable with university resources. It is understood that most of these expenditures are legitimate business expenses, which is why reasonable unallowable expenditures related to the revenue generating activity can be covered out of the IUF with a transfer from the university.

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History

This policy was established on September 1, 2002.