

**SDSU RESEARCH FOUNDATION  
HOSTING POLICY  
HOSPITALITY, PAYMENT AND  
REIMBURSEMENT OF EXPENSES**

**Updated 09/11/2020**

**POLICY OBJECTIVE**

It is the policy of San Diego State University Research Foundation (RESEARCH FOUNDATION) that hospitality expenses may be paid to the extent that such expenses are necessary, appropriate to the occasion, reasonable in amount and serve a purpose consistent with the mission and fiduciary responsibilities of San Diego State University (UNIVERSITY) and/or the RESEARCH FOUNDATION. This policy applies to activities that promote the UNIVERSITY/RESEARCH FOUNDATION to the public and the provision of hospitality in connection with official UNIVERSITY/RESEARCH FOUNDATION business and authorizes appropriate RESEARCH FOUNDATION funds to be used for such purposes. This policy is consistent with UNIVERSITY and CSU policies and procedures.

**POLICY STATEMENT**

**100 Purpose**

This policy governs the manner and extent to which RESEARCH FOUNDATION funds may be used to provide hospitality to employees, students, donors, guests, visitors, volunteers, and other individuals as part of an academic symposium; business meeting; meeting of a learned society, recreational, sporting or entertainment event; or other occasion that promotes the mission of the UNIVERSITY/RESEARCH FOUNDATION. The policy also addresses meals served to employees as part of a morale-building function and meals provided to prospective students and employees.

**200 Scope**

This policy governs the appropriate use of RESEARCH FOUNDATION funds for hospitality activities. Hospitality expenses (including memberships) may not be charged to grants and contracts (5 ledger accounts) unless the expense has been approved by the sponsoring entity.

**300 Definitions**

**301 Alcoholic beverages:** beer, wine or any beverage containing distilled spirits. Serving of alcoholic beverages may be appropriate depending on the event. The serving of alcoholic beverages at events using RESEARCH FOUNDATION funds shall be reviewed carefully by the approving authority to assure that it is reasonable and appropriate to accomplish the business purpose of the event. APPENDIX A of this policy establishes maximum per person rates for this expense inclusive of tax and tip.

**302 Approving Authority:** a person that has been designated as having authority to expend money on the fund, or who is designated in section 601 as an additional approving authority.

- 303 Awards and Service Recognition:** something of value given or bestowed upon an individual, group or entity in recognition of service to the UNIVERSITY/RESEARCH FOUNDATION or achievement benefiting the UNIVERSITY /RESEARCH FOUNDATION, e.g. financial prizes, trophies, plaques, and flowers.
- 304 Business Partners:** individuals or entities with whom the UNIVERSITY/RESEARCH FOUNDATION has an established business relationship.
- 305 Employee:** an employee of the UNIVERSITY, the California State University system, or any auxiliary organization of either.
- 306 Employee Meetings and Recognition Events:** meetings which serve a UNIVERSITY/RESEARCH FOUNDATION business purpose and are generally administrative in nature such as UNIVERSITY/RESEARCH FOUNDATION meetings of deans and directors, employee morale functions excluding those of a personal nature (further defined in section 501), extended formal training sessions, conferences, extended strategic planning sessions, and meetings of appointed workgroups and committees.
- 307 Entertainment Services:** expenditures incurred in connection with events or activities that are primarily social or recreational such as equipment and venue rental, décor, music, and performers.
- 308 Federal Officials:** federal government employees, elected representatives of the House and Senate, the president of the United States, presidential appointments, and other representatives of the Executive branch.
- 309 Research Foundation Funds:** includes all funds held by the RESEARCH FOUNDATION for its authorized business purposes and those funds managed by the RESEARCH FOUNDATION for others.
- 310 Fundraising Event:** events conducted for the sole or primary purpose of raising charitable funds where participants make a charitable contribution **and** a purchase for the fair market value of goods or services. Fundraising events may include dinners, dances, door-to-door sales of merchandise, concerts, carnivals, golf tournaments, auctions, casino nights, and similar events and are governed by CSU Policy found in [Fundraising Events \(ICSUAM 15701.00\)](#). Fundraising events do **not** include the following:
- Activities substantially related to the accomplishment of the UNIVERSITY’s educational purpose, including such activities that receive sponsorship
  - Unrelated trade or business activities that generate fees for service
  - Fundraising solicitations and related prospecting activities intended to generate only a contribution (no purchase of goods or services)
  - Raffles in which the prizes have only a nominal value and do not require reporting as taxable income.
- 311 Gift:** something of value given or bestowed upon an individual, group, or entity with the expectation of benefit accruing to the UNIVERSITY/RESEARCH FOUNDATION or for other occasions that serve a bona fide business purpose.

- 312 Hospitality:** the provision of meals (catered or restaurant), alcoholic beverages and/or light refreshments, entertainment services, promotional items, gifts, awards, and service recognition and travel. Hospitality includes expenses for activities that promote employee morale or promote the UNIVERSITY to the public, usually with the expectation of benefits accruing directly or indirectly to the UNIVERSITY/RESEARCH FOUNDATION.
- 313 Light Refreshments:** non-alcoholic beverages, - hors d'oeuvres, pastries, cookies, etc... APPENDIX A of this policy establishes maximum per person rates for this expense inclusive of tax and tip. See note, in Section 314, on combining per person maximums when one event includes light refreshments and a meal.
- 314 Meal:** a catered or restaurant-provided breakfast, lunch, or dinner at which employees, students, or other individuals are present for the purpose of conducting substantial and bona fide UNIVERSITY/ RESEARCH FOUNDATION business. Groceries and beverages purchased for an event may also be charged as meal/meals. APPENDIX A of this policy establishes maximum per person rates for this expense inclusive of tax and tip.
- Note:** If one hospitality event combines light refreshments with a meal, per person maximums may be combined if a one-up approval (as defined in Section 601) is obtained. An example is a single hospitality event that includes a cocktail hour before the hosted dinner. In this case, the per person maximums may be combined for light refreshments and dinner with one-up approvals.
- 315 Virtual Meal:** meals provided remotely to individuals in a telework environment, such as during a virtual meeting held via video conferencing platform.
- 316 Membership in Social Organizations:** private or university clubs, athletic clubs, civic organizations, and other membership organizations **that provide a venue for hosting hospitality events or a means for promoting goodwill in the community are allowable.** Memberships in business leagues, chambers of commerce, trade associations and professional organizations are considered a regular business expense and are not governed by this policy.
- 317 Official Host:** a UNIVERSITY/RESEARCH FOUNDATION employee who hosts a meeting, conference, reception, activity, or event for the active conduct of UNIVERSITY/RESEARCH FOUNDATION business.
- 318 Official Guest:** a person invited by an official host to attend a UNIVERSITY/ RESEARCH FOUNDATION meeting, conference, reception, activity, or event. Examples of official guests include employees and visitors from another work location, students, donors, recruitment candidates, volunteers, members of the community, academic peers, members of a learned society (formally organized or not) and media representatives. A UNIVERSITY/ RESEARCH FOUNDATION employee may be an official guest when the nature and purpose of the event is considered and specifically approved by the approving authority.
- 319 Promotional Item:** items that display the name, logo or other icon identifying the UNIVERSITY such as a keychain, coffee mug, calendar, or clothing.

- 320 Travel:** the RESEARCH FOUNDATION's travel policies apply to hospitality events that include travel of the official guest(s) or the official host(s).
- 321 Work Location:** the place where the major portion of an employee's working time is spent or the place to which the employee returns during working hours upon completion of special assignments. (The main campus is a single work location including RESEARCH FOUNDATION property near campus).
- 400 Allowable Expenditures and Occasions:** hospitality expenses must be directly related to, or associated with, the active conduct of official UNIVERSITY/ RESEARCH FOUNDATION business. When an employee acts as an official host, the occasion must, in the best judgment of the approving authority, serve a clear UNIVERSITY/ RESEARCH FOUNDATION business purpose, with no personal benefit derived by the official host or other employees. In addition, the expenditure of funds for hospitality should be cost effective and in accordance with the best use of RESEARCH FOUNDATION funds.
- 401 Conformation to IRS Regulations:** employee business meal or entertainment expenses must conform to IRS regulations. No employee business meal or entertainment expenditure that is considered taxable income under IRS regulations will be reimbursed or paid. An employer's reimbursement of an employee business meal or entertainment expense may be considered taxable income to an employee if:
- The activity is not directly related to the employee's job
  - The expense is lavish or extravagant under the circumstances
  - The expense is not substantiated with supporting documentation.
- 402 Evaluation by Approving Authority:** when determining whether a hospitality expense is appropriate, the approving authority must evaluate the importance of the event in terms of the costs that will be incurred, the benefits to be derived from such an expense, the availability of funds, acceptable industry practice under like or similar circumstances and any alternatives that would be equally effective in accomplishing the desired objectives.
- 402.1 Examples of Permitted Activities:** Occasions when the provision of hospitality is permitted include when:
- The UNIVERSITY/RESEARCH FOUNDATION hosts or sponsors business meetings that are directly concerned with the welfare of the UNIVERSITY/RESEARCH FOUNDATION or in promoting a UNIVERSITY/RESEARCH FOUNDATION program or activity
  - The UNIVERSITY/RESEARCH FOUNDATION hosts official guests, including employees visiting from another work location, students, donors, visitors, volunteers, and other individuals with an interest in the UNIVERSITY/RESEARCH FOUNDATION including individuals being recruited for faculty or staff positions
  - The UNIVERSITY/RESEARCH FOUNDATION is the host or sponsor of a meeting of a learned society or professional organization. This includes symposia organized to share current knowledge on a specific topic, discipline, or question.

- The UNIVERSITY/RESEARCH FOUNDATION hosts receptions held in connection with conferences, symposium, meetings of a learned society or professional organization, meetings of student organizations and groups, student events such as commencement exercises, and events or meetings of other UNIVERSITY/RESEARCH FOUNDATION related groups such as alumni associations;
- The UNIVERSITY/RESEARCH FOUNDATION hosts community relations or fundraising events to promote goodwill, recognize distinguished service, or cultivate donors, collaborators and/or sponsors of UNIVERSITY/RESEARCH FOUNDATION programs and activities
- The UNIVERSITY/RESEARCH FOUNDATION hosts receptions for the benefit of employee morale, employee recognition, or memorials. Length of service awards and retirement celebrations are limited to employees who have served five or more years. Positive employee morale is a valuable resource. Therefore, this policy allows for expenditures supportive of employee morale (other than those identified as prohibited). The UNIVERSITY/RESEARCH FOUNDATION relies on the judgment of the approving authority in this area as they are most capable of assessing and documenting the benefit of such expenditures to the UNIVERSITY/RESEARCH FOUNDATION
- Representatives of the UNIVERSITY/RESEARCH FOUNDATION participate in community outreach to enhance partnerships, promote goodwill, recognize distinguished service, or cultivate donors, collaborators, and sponsors of projects.

**403 Business Partners:** Entertainment of business partners to solicit donor support should be restricted to those situations where (a) the UNIVERSITY/RESEARCH FOUNDATION already has, through contract or purchase order, established the business relationship with the vendor; or (b) the UNIVERSITY/RESEARCH FOUNDATION does not intend to do contractual business with the vendor. At the judgment of the approving authority, entertainment of vendors to establish or improve relationships dependent on personal interaction is allowable.

**404 Special Rules for Employee Meetings and Recognition Events:** Meals, and/or light refreshments provided to employees may be permitted if the expenses occur infrequently and are reasonable and appropriate to the business purpose. Virtual meals for employee meetings and events are generally not allowable. Meals, alcoholic beverages, and/or light refreshments provided to employees on a frequent or routine basis are considered taxable income by the IRS and are therefore not permitted under this policy. Some general guidelines follow:

- Meals, and/or light refreshments should be limited to no more than twelve times per year, per group. The official host and approving authority are responsible for monitoring the frequency of events.
- Meals or light refreshments provided to a group should be counted on an event basis, e.g., a two-day meeting should be counted as one event in determining compliance with these guidelines.
- Meals, and/or light refreshments provided during the course of a business meeting must be modest and reasonably priced. When a meeting takes place over an extended period of time and the agenda includes a working meal, there may be justification that the meal is integral to the business function. Examples include:
  - A meeting where there is a scheduled speaker during the meal period

- A meeting where the participants work through the meal period
  - Circumstances where it would be too time-consuming or disruptive for participants to take a meal break away from the meeting location.
- In general, the RESEARCH FOUNDATION will not pay for or reimburse costs for meals taken with individual colleagues at the same work location unless a clear business purpose can be established and is specifically approved by the approving authority.
  - It is noted that employee events where it is appropriate to serve alcoholic beverages are very rare and should be carefully reviewed by the approving authority. Alcohol may be allowed when the official host is providing hospitality for an official guest(s) as defined in Sections 316-7 of this policy. Expenditures for alcohol outside of hosted events are personal expenditures and are not reimbursable.
  - This policy establishes maximum per person reimbursement rates for alcoholic beverages, meals, and light refreshments and inclusive of tax and tip. These rates are contained in APPENDIX A of this policy and will be reviewed annually by the UNIVERSITY's Vice President for Business and Financial Affairs.

**405 Special Rules for Spouses and Domestic Partners:** Hospitality provided to the spouse, domestic partner or other family member of an employee may be permitted when it serves a UNIVERSITY/RESEARCH FOUNDATION business purpose. Their presence is considered to serve a UNIVERSITY/RESEARCH FOUNDATION business purpose if he or she has a significant role in the proceedings or makes an important contribution to the success of the event. Official functions to which spouses or domestic partners are invited as a matter of protocol or tradition such as ceremonial functions, fundraising events, alumni gatherings, athletic games, and community events may be considered business related. An agenda, invitation or similar documentation should be included with the payment record. Hospitality for the spouse, domestic partner or other family members of an employee should be carefully reviewed by the approving authority.

**406 Special Rules for Students and Prospective Students:** Hospitality provided to students or prospective students may be permitted when it serves a UNIVERSITY/RESEARCH FOUNDATION business purpose. Permissible activities may include recruitment efforts, student activities, student programs, student organization events, student recognition events and commencements. Students may be hosted to attend fundraising and other community relations events that enhance their learning experience, in recognition of their student achievement, to engage with alumni and donors, or as representatives of elected student leadership. Hospitality provided to student athletes and recruits must be in accordance with the rules, regulations, guidelines, standards, and procedures of the intercollegiate athletic association's national governing board, e.g., National Collegiate Athletic Association.

**407 Special Rules for Federal Officials:** Federal officials are subject to complex and extensive ethics rules which should be carefully reviewed before any exchange of an item of value including meals and entertainment. It is the responsibility of the hosting official to disclose to the approving authority that federal officials will be present at the hosted event. Both the hosting official and approving authority are responsible for determining the appropriateness of hosting federal official(s).

**500 Prohibited Expenditures (expenditures that may not be charged to RESEARCH FOUNDATION funds)**

**501 Personal Benefit:** Hospitality expenses that are of a personal nature and not related to the active conduct of official UNIVERSITY/RESEARCH FOUNDATION business will not be paid or reimbursed. Examples include, but are not limited to, employee birthdays, weddings, anniversaries, baby showers and employee farewell gatherings that are not official UNIVERSITY/RESEARCH FOUNDATION functions. Designation of a farewell event as an official UNIVERSITY function requires the approval of the divisional vice president. Official events for the RESEARCH FOUNDATION require the approval of the executive director. Official campus functions do not include offsite parties, dinners, or similar events organized by co-workers and friends. [Retirement events are distinct from “farewell gatherings” and are allowed if they meet the conditions specified in Section 402.1 of the policy.]

**502 Discrimination:** Hospitality expenses will not be paid or reimbursed for membership in social organizations, activities or entertainment services that discriminate based on race, color, religion, national origin, ancestry, age, gender, sexual orientation, marital status, veteran status, or disability.

**503 Tobacco:** No expenditures under this policy are allowed for the purchase of cigarettes, cigars, chewing tobacco, smokeless tobacco or any other product or concoction that may be considered a tobacco product by a reasonable and prudent person. Expenditures for tobacco products for the purposes of conducting a RESEARCH FOUNDATION sponsored program are not covered by this policy.

**600 Approval of Transactions and Documentation**

**601 Approvals:** All hospitality expenditures and reimbursements must be approved by an approving authority as defined in section 302. SDSU Research Foundation retains the authority to request a one-up authorization of a hospitality expense if the documentation is insufficient to demonstrate a clear connection between the activity and the stated benefit to the university. One-up authorization is up the administrative reporting line. One-up authorization cannot be another authorized signer on the fund. For a faculty member or project staff member, the one-up authority will be the department chair or dean.

**601.1** The following specific activities are sensitive areas and may be determined by SDSU Research Foundation to require one-up authorization to assure that the expenses are necessary, appropriate to the occasion, reasonable in amount and serve a purpose consistent with the mission and fiduciary responsibilities of the UNIVERSITY/RESEARCH FOUNDATION:

- Reimbursement of hospitality expenditures for **alcohol**
- Reimbursement of hospitality expenditures for **recreational, sporting or entertainment events**.
- Reimbursement of hospitality expenditures for a **spouse, domestic partner or other family member** of an employee or official guest.

- Reimbursement of hospitality expenditures for **memberships in social organizations** as defined in Section 316 of this policy.
- Reimbursement or payments or hospitality expenditures for **federal officials**.

**601.2** Any single hosting event that exceeds \$1,000 requires additional approval by an individual with higher administrative reporting authority as defined in 601. Any single hosting event that exceeds \$3,000 requires approval from the applicable vice president's office.

**601.3** Expenditures that exceed the maximum per person thresholds as defined in **APPENDIX A** inclusive of tax and tip require additional approval by an individual with higher administrative reporting authority as defined in 601. Justification must be provided to document the rationale for the exception. Also, a single hospitality event that includes light refreshments and a meal, requires one up approval (See Section 314).

**601.4** Expenditures for the provision of virtual meals are generally not allowable. Exceptions will only be made with the additional one-up authorization from the applicable vice president's office.

## **602 Documentation Requirements**

Complete a SDSU Research Foundation Food or Hosting Disbursement Request or a Purchase Requisition and attach a Hosting Justification Form (available at [http://www.foundation.sdsu.edu/pdf/ap\\_hosting\\_justification\\_form.pdf](http://www.foundation.sdsu.edu/pdf/ap_hosting_justification_form.pdf)) to document the following:

1. The benefit to the campus. Given that judgment is very often an intangible but nonetheless critical basis for expenditure (such as employee morale), administrators are encouraged to be as specific as reasonably possible when stating the benefit to the UNIVERSITY.
2.
  - a. Original itemized receipts or invoices are required (establishes audit trail for type of expenditure and number of employees). If itemized receipts cannot be obtained or have been lost, a signed statement to that effect is required. On a selected basis, venues may be called to verify if itemized receipts are not available.
  - b. Provide the individual names and affiliations of attendees; provide a specific statement of the direct or indirect benefit to UNIVERSITY or RESEARCH FOUNDATION to be derived from the expense.
  - c. Credit card receipts (in addition to the original itemized receipt or invoice) are preferred (establishes that expense was incurred and paid by the employee and not some other individual). Payment in cash should be avoided, if possible.



## APPENDIX A

**Per Person Rates for Meals, Light Refreshments and Alcoholic Beverages inclusive of tax and tip:** Maximum rates for meals, light refreshments and alcoholic beverages follow. These rates are reviewed and approved annually by the UNIVERSITY's Vice President for Business and Financial Affairs:

<b>Meal Type</b>	<b>Meals @ Non-Catered Events</b>	<b>Alcoholic Beverages @ Non-Catered Events</b>	<b>Meals @ Hotel-Catered Banquets and VIP Entertaining</b>	<b>Alcoholic Beverages @ Hotel-Catered Banquets and VIP Entertaining</b>
Breakfast:	\$20.00	None	\$50.00	None
Lunch:	\$30.00	\$25.00	\$75.00	\$25.00
Dinner:	\$75.00	\$25.00	\$120.00	\$50.00
Light Refreshments:	\$30.00	\$25.00	\$30.00	\$25.00

Note:

1. The above rates are inclusive of tax and tip.
2. The combination of light refreshments and a meal requires a one-up authorization.