

SDSU RESEARCH FOUNDATION HOSPITALITY POLICY

Effective Date: February 1, 2024

I) POLICY

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 written to be consistent with UNIVERSITY and CSU policies and procedures.

II) PROCEDURE

A. 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.

B. 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 funds) unless the expense has been approved by the sponsoring entity.

C. Definitions

1. 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.
2. Approving Authority: A person that has been designated as an authorized signer to approve expenditures on the fund, or who is designated as

having additional approving authority. (See Section II. F. Approval of Transactions and Documentation)

3. 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. Note: Gift cards are only allowable as incentives to participants in a research study, assuming those participants are not SDSU or SDSURF employees and the dollar amount is minimal and when authorized by SDSU for distribution to students through the Emergency Crisis Response Team.
4. Business Partners: Individuals or entities with whom the UNIVERSITY/RESEARCH FOUNDATION has an established business relationship.
5. Employee: An employee of the UNIVERSITY, RESEARCH FOUNDATION, the California State University system, or any auxiliary organization of either.
6. 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 II. D. Allowable Expenditures and Occasions), extended formal training sessions, conferences, extended strategic planning sessions, and meetings of appointed workgroups and committees.
7. Entertainment Services: Expenditures incurred in connection with events or activities that are primarily social or recreational such as equipment and venue rental, decor, music, and performers.
8. 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.
9. Fundraising Events: 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 CSU Policy Fundraising Events (<https://calstate.policystat.com/policy/12960514/latest/>).

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.

10. 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. Note: Gift cards are only allowable as incentives to participants in a research study, assuming those participants are not SDSU or SDSURF employees and the dollar amount is minimal and when authorized by SDSU for distribution to students through the Emergency Crisis Response Team.
11. Hospitality: The provision of meals (catered or restaurant), alcoholic beverages and/or light refreshments, entertainment services, promotional items, gifts, awards, 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.
12. Meals and Light Refreshments: Meals include 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 meals. Light refreshments include non-alcoholic beverages, appetizers, pastries, cookies, etc. See **APPENDIX A** for maximum per person rates allowed.
13. Virtual Meal: Meals provided remotely to individuals in a telework environment, such as during a virtual meeting held via video conferencing platform.
14. 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.

15. Official Host: A UNIVERSITY/RESEARCH FOUNDATION employee who hosts guests at a meeting, conference, reception, activity, or event for the active conduct of UNIVERSITY/RESEARCH FOUNDATION business.
16. 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.
17. Promotional Item: Items that display the name, logo, or other icon identifying the UNIVERSITY such as a keychain, coffee mug, calendar, or clothing.
18. Travel: The RESEARCH FOUNDATION's travel policies apply to hospitality events that include travel of the official guest(s) or the official host(s).
19. 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.

D. 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.

1. **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.
2. **Examples of Permitted Activities (fund restrictions still apply)**: Occasions when the provision of hospitality is permitted include when:
 - a. 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.

- b. 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.
- c. 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.
- d. 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.
- e. 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.
- f. 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.
- g. 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.

3. Requirements for Specific Types of Hospitality Expenses

- a. 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.

b. 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 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 and/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 is provided 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 Section II. C. Definitions 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 appetizers, which are inclusive of labor, sales tax, delivery, tip, and other service fees. These rates are contained in **APPENDIX A** of this policy and will be reviewed annually by the UNIVERSITY's Vice President of Business and Financial Affairs

- c. Spouses, Domestic Partners, and Significant Others: Hospitality provided to the spouse, domestic partner, significant other, 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 they have a significant role in the proceedings or make 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, significant other, or other family members of an employee should be carefully reviewed by the approving authority.
- d. 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).

E. Prohibited Expenditures (expenditures that may not be charged to RESEARCH FOUNDATION funds)

- 1. 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 Associate Vice President and CEO. 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 under Section II. D. Allowable Expenses and Occasions of this policy.)
- 2. Discriminatory Activities: 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.

3. 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.
4. Taxable Hospitality Activities: 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.

F. Approval of Transactions and Documentation

1. Approvals: All hospitality expenditures and reimbursements must be approved by an approving authority as defined in Section D. Allowable Expenditures and Occasions.
 - a. Individuals with delegated approval authority may not approve their own expenses and individuals may not approve expenses of their supervisor. The exception is approval of the SDSU president's expenditures by the SDSU chief financial officer.
 - b. The SRA grant specialist serves as the approval authority for hospitality expenses charged to SDSURF funds, unless additional one-up approval is required under the terms of this policy.
 - c. 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 person, the one-up authority will be the department chair or college dean.
2. Activities Requiring Additional One-Up Approval: 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 II.C. Definitions of this policy.
3. Additional Approval Authority Thresholds: Any single hospitality event that exceeds \$1,000 requires additional approval by an individual with higher administrative reporting authority. Any single hospitality event that exceeds \$3,000 requires approval from the applicable vice president's office.
 4. Expenditures that exceed the maximum per person thresholds as defined in APPENDIX A require additional approval by an individual with higher administrative reporting authority as defined in Section II. F. Approval of Transactions. Justification must be provided that documents the rationale for the exception.
 5. Virtual Meals: 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.
 6. Documentation Requirements: All hospitality expenses must have a completed SDSU Research Foundation Hospitality Justification Form to document the following:
 - a. The purpose of event and benefit to the campus must be documented. Given that judgment is very often an intangible but nonetheless critical basis for expenditure (such as employee morale) it is encouraged to be as specific as reasonably possible when stating the benefit to the UNIVERSITY.
 - b. Note type of hospitality, type of meal, and if the event is a re-occurring meeting.
 - c. Provide the individual names and affiliations of the host, SDSU, RESEARCH FOUNDATION attendees, and external guests.
 - d. Provide the Cost per Attendee.
 - e. The following documentation is required:
 - Original itemized receipts or invoices are required (establishes audit trail for type of expenditure and number of guests to confirm maximum per person rates). Payment in cash is strongly

discouraged. 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 contacted to verify if itemized receipts are not available.

- Credit card receipts (in addition to the original itemized receipt or invoice) are preferred to establish that expense was incurred and paid by the individual requesting reimbursement.

APPENDIX A

**SDSURF MAXIMUM PER PERSON HOSPITALITY RATES
EFFECTIVE: FEBRUARY 1, 2024**

Meal type	Routine/ Departmental Events		VIP/Catered Events		Events at Snapdragon Stadium	
	Food	Alcohol	Food	Alcohol	Food	Alcohol
Breakfast	\$ 35		\$ 50		\$ 60	
Lunch	\$ 50	\$ 25	\$ 75	\$ 30	\$ 85	\$ 40
Reception/Light Appetizers ¹	\$ 30	\$ 25	\$ 40	\$ 30	\$ 50	\$ 40
Dinner/Heavy ²	\$ 80	\$ 50	\$ 125	\$ 75	\$ 140	\$100

Maximum rates are established to allow for different levels of hospitality, including campus events catered by Aztec Shops, high level donor cultivation events, and events at Snapdragon Stadium. Departments are to use discretion when hosting routine or departmental events.

Maximum rates include the total cost of food, beverages, labor, sales tax, tip, delivery, and other service fees.

Routine/Departmental Events include periodic meetings or employee morale events where sandwiches or simpler meals are provided.

VIP/Catered Events include meals at off campus restaurants, events at off campus venues, and events catered by Aztec Shops; these are typically donor cultivation events or partnership/development events.

Events at Snapdragon Stadium include meetings, suites at sporting events or concerts, and other receptions; these are typically donor cultivation events or partnership/development events.

1 Receptions or other events where light appetizers are served, including receptions preceding a dinner event.

2 Receptions where heavy appetizers are served in lieu of dinner, including lengthier events held at Snapdragon Stadium.