**Supplemental Guidelines for Purchases using Oklahoma State University Foundation Funds**

Recently there have been an increasing number of direct purchases of equipment, building renovations, and other university purchases through the Oklahoma State University-Foundation (OSUF). This guideline is to address purchases that can and should be made through an Oklahoma State University (OSU) departmental account, followed by a request for reimbursement from OSUF.

**Funding Source:** OSUF is a funding source and not a procurement source. All purchases that can be legally executed by OSU should be procured through the OSU System pursuant to all applicable OSU Policies and Procedures.

**Sales Tax Exemption:** OSUF is not a Sales Tax Exempt entity. Direct purchases through the Foundation increase the cost of the item purchased by 8%-10% due to sales tax requirements.

**Capitalization Thresholds:** Purchases made directly through OSUF for capital items are not currently being captured in OSU’s financial records for capitalization purposes. Departmental purchases meeting the capitalization thresholds listed below should be purchased through OSU departmental or plant fund accounts.

* Land:  No threshold on value.  All land purchases will be capitalized.
* Building (Purchase):  No threshold on value.  All purchased buildings will be capitalized.
* Building (Constructed): $10,000
* Major Renovation:  Capitalized when (a) the renovation or addition cost is material to the assets, generally 5% of the total cost of the existing asset, AND (b) the renovation extends the useful life of a building or modified or upgrades a building.
* Infrastructure:  $10,000
* Land Improvements (Nonstructural Improvements):  $10,000
* Fixed Equipment:  Generally all capitalized during construction of a building (such as an HVAC system).  Replacements when needed are typically expensed.
* Moveable Equipment: Generally $5,000, but some high profile items such as laptop computers, flat screen televisions, digital cameras, and fax machines are also tracked as moveable equipment inventory.

**Physical Plant Requirements:**  All alterations, renovations and additions to existing University facilities must be coordinated through the OSU Physical Plant in accordance with Oklahoma State University Policy and Procedures 1-0109, Alterations, Renovations And Additions To Facilities.

**Bid Requirements:** Purchases to be reimbursed by OSUF have the same bid requirements as OSU purchases.

**Donor Directed Purchases:** When a donor specifically directs how their gift should be spent (specific brand or specific vendor) it is no longer a gift.

OSU policy and procedure 3-0252 (Distingushing Between Gifts, Grants, and Contracts) considers the contingencies placed on the receipt of goods or services as to whether or not the gift is truly a gift or if the should be treated as a contract or grant.

In essence a gift is traditionally given without any expectation of an economic benefit to be returned back to the donor. However, the donor can give the gift with an expectation that the gift will be used for a certain purpose. This type of expectation causes the gift to be “restricted” to a particular purpose. It is a gift in the fact that the University can use those monies toward the donor’s specified purpose. However, the University, in achieving those ends set by the donor, does have latitude in the use of the gift.

If the University, on its own, develops specifications for a particular item and then solicits a donor that will fund the specific item, product, or project, the funds received by the University for the project is considered a gift from the donor. However, the funding must be given to the OSU Foundation, and the project will be treated in accordance with University policy pertaining to purchasing, capitalization, and reimbursement.

If a donor chooses to give fund to a project as a “quip pro quo” gift, the donor has an expectation of something of value in return for the gift offered. If a donor provides $10,000 for the purchase of lumber and then specifies the lumber must be purchased from the donor’s company, this transaction is no longer considered a gift. It is a contract. If this is the case, the funds must be deposited into a University ledger 5 account established for the project. Expenditures made with the funds provided by the donor will be tracked according to grant and contract procedures. Though the donor specifies from where and from whom the funds will be used, the University’s purchasing and capitalization policies and procedures must be followed. Exceptions are made for certain policy deviations in order to accommodate donor issues, but the exceptions are made in the due course of University business within board authorized guidelines.

**Exceptions:** Exceptions to this guideline must have **pre-approval** from the Associate Vice President and Controller. Avoidance of OSU policies is not a legitimate reason for an exception.