

FOUNDATION FOR SCALIA LAW DISBURSEMENT PROCEDURES AND INSTRUCTIONS

This document describes the disbursement policies and procedures of the Foundation for Scalia Law (the Foundation), including instructions for completion of the Foundation's payment voucher. Please see the separate Foundation policy related to travel-related expense reimbursement to university and Foundation employees and other university affiliated associates (e.g., outside speakers, judges, students).

PAYMENT PROCESSING AND ACCOUNTS PAYABLE ADMINISTRATION

General Requirements:

The Foundation has a fiduciary responsibility to donors to ensure that funds are used in accordance with the terms and conditions of their gifts. Any disbursement of Foundation funds must fall within the related donative intent. Additionally, all disbursements must be reasonable and benefit the university, not jeopardize the Foundation's status as a charitable organization as defined by Internal Revenue Code Section 501(c)(3), and comply with all applicable statutes and regulations.

The Foundation requires the completion and submission of an online payment voucher. Before submitting to the Foundation for payment, all vouchers must be reviewed and approved by an authorized signer. All vouchers must include the appropriate documentation to substantiate the expenses and should be submitted within 30 days of receipt of invoice.

Account Balances:

Prior to submitting a voucher, the authorized signer or preparer should verify that the applicable Foundation project account has funds to cover the related expenditure. Account balances are available online.

Signature Authority:

A current Foundation signature card containing the signatures of those authorized to disburse funds must be on file with the Foundation before payments are disbursed. The law school's Finance Director or other account signer is responsible for the immediate notification to the Foundation of any changes in signature authority. If the payee is an authorized signer, the voucher must also be signed by the payee's supervisor.

Non-employees:

Approval authority for payment vouchers to non-employees is on file with the Foundation.

Employees:

The dean of the law school approves all employee reimbursements and then forwards them to the finance director or their delegate, who approves the disbursements. The chair of the Foundation approves reimbursements to the dean.

Tax Exemption:

The Foundation is exempt from Virginia sales tax on tangible items (e.g. something that can be touched, held or felt, including most catering and food purchases). The purchaser is responsible for providing vendors with a copy of the Retail Sales and Use Tax Certificate of Exemption. Only items purchased within the Commonwealth of Virginia qualify to be eligible for the exemption. Items from other states are not exempt from sales and use tax.

Voucher Processing Dates:

Payments are made via ACH each week. Payments can be disbursed off-cycle or earlier in the week upon advance notice. Payments by check can also be arranged.

GIFTS AND OTHER BENEFITS

Gifts:

Gift items or other fringe benefits paid through the Foundation and given to university-employed students, faculty, or classified staff must be reviewed against IRS payroll reporting guidelines. Taxable items will be reported to George Mason University (GMU) payroll on a quarterly basis by Foundation staff. When requesting payments for gifts to staff and students, please provide the G#, name, and amount for each recipient.

The university has identified certain gift items that the Foundation does not need to report to the university. These gifts must only be given for special occasions (or one-time for retirement) to qualify as non-reportable:

- Flowers, fruit and food baskets (if less than or equal to \$100)
- Books (if less than or equal to \$100)
- Morale-building items — single event tickets to theme parks, sporting events or movies (if less than or equal to \$100)
- Scalia Law swag (if less than or equal to \$100)
- Retirement gifts (if less than or equal to \$400)

Gift cards and gift certificates provided to employees are taxable regardless of dollar amount and regardless of gift purpose.

Other Benefits:

- Portions of **club dues** may qualify as a working condition fringe benefit. The

Foundation will report payments for club dues to University Payroll for analysis and reporting.

- **Cellular phones or Telework** payment requests must be reviewed against the GMU Policy on mobile devices and internet service connectivity payments. This supports the University's policy 2113: Payment of Telework or Remote-work Expenses effective January 1, 2009 (updated 03/04/2019).

SCHOLARSHIPS AND RELATED PAYMENTS

A scholarship is defined as financial support based on academic achievement or other criteria that may include financial need. A fellowship is defined as financial support to reduce the cost of a graduate student's education. The donor of the scholarship or fellowship establishes the criteria for recipient selection.

If a payment made to a student or non-employee is for required tuition and fees for a degree program, the payment is generally considered a qualified scholarship or fellowship and is non-taxable to the recipient. If a payment is made to a student or non-employee for non-tuition and course-related expenses, such as for room and board and living expenses, the payment is considered a non-qualified payment and may be taxable to the student. The IRS does not require the Foundation to report taxable scholarship and fellowship income to either the IRS or to the student. It is the responsibility of the individual to report all taxable income on the appropriate tax filings. The Foundation recommends engaging a tax professional to resolve any questions.

Processing of scholarship vouchers:

- **All scholarship awards (both payable to a student's account and payable directly to the student) should be submitted to the GMU Scholarship drive for approval by the Office of Student Financial Aid.** For questions and to obtain access to this drive, please contact Rosalind Moore at rmoore11@gmu.edu, x32353.
- The Office of Student Financial Aid will submit any scholarships or fellowships payable to non-US citizens to the International Tax Manager in Fiscal Services to determine the eligibility of the recipient. This approval will be obtained prior to forwarding to the Foundation for payment.
- Scholarships made payable to the student's university account should include a completed voucher made payable to 'GMU for John Doe.'
- All scholarship or fellowship awards should contain the following:
 - Completed and approved Foundation voucher*,
 - Multi-student template, if multiple awards are requested,
 - Semester and year the award is to be applied (Fall 20xx, Spring 20xx), and
 - Approval as indicated by the Office of Student Financial Aid.
- If submitting with the Multi-Student template, a Foundation Voucher is not required.
- All scholarship or fellowship awards **payable directly to the student** must include all of the above PLUS:
 - Student signed IRS Form W-9 or W-8BEN,
 - Student signed Tax Accountability letter.

- **Financial Aid will forward approved vouchers to the Foundation for payment.**
- Scholarships funds are remitted to GMU by wire on a weekly basis with an allocation report provided to the Office of Student Financial Aid for application to the student's account.
- Funds are typically disbursed within a week of receipt of the **completed** disbursement request.

Academic awards and prizes: Payment for winning a competition or being a top performer may be taxable to the student. If an award is deemed taxable, the Foundation will report the award to the IRS and to the student on IRS Form 1099-MISC if the cumulative awards exceed the filing threshold of \$600 in the calendar year. Payment requests for academic awards and prizes (for GMU students) must also be approved by the Office of Financial Aid.

REIMBURSEMENTS TO OR PAYMENTS MADE ON BEHALF OF STUDENTS AND NON-EMPLOYEES

If a student or non-employee is **reimbursed for travel or other expenses** or if a payment for travel or other expenses is **made directly on behalf of a student or non-employee**, the following information must be considered:

- If the expense is a "pass through course cost" (i.e., costs associated with study abroad or exchange programs) for a student enrolled in a degree program, the payment or reimbursement is **nontaxable**.
- If the expense benefits the university's academic pursuits or mission, the payment or reimbursement is **nontaxable**. Related questions to consider include:
 - Is the expense appropriate to charge to a faculty member's grant funds or other departmental fund?
 - Is the original purpose and intent of the related activity for the University to obtain useful results from the project or research?
 - Will related results or research be used by the university?
 - Are the expenses incurred in the course of activities that advance research or scholarships supported by a university department?
 - An example description of this type of activity to include on a Foundation voucher would be "Expenses in direct support of university research – J. Smith presenting on behalf of Professor Jones at the 2017 APA Conference, Chicago, 1/30/2026."
- If the expense does not fall into the categories described above, the payment or reimbursement is taxable.
 - For US citizens, payments will be reported to the IRS and to the individual on IRS Form 1099-NEC if the amount totals \$600 or more for the calendar year.
 - For non-US citizens, please follow the guidance in the following section, regarding foreign nationals and resident aliens.
 - An example description of this type of activity to include on a Foundation voucher would be "Fellowship payment – summer 2026 travel award for J. Smith, 7/1/2026."

PAYMENTS TO NON-US CITIZENS OR FOREIGN CORPORATIONS

All payments to non-US citizens or foreign corporations must be approved by the International Tax Manager in Fiscal Services prior to processing by the Foundation.

Please email Foundation vouchers along with all related support directly to the International Tax Manager, intlacct@gmu.edu for approval. The International Tax Manager will approve and forward the vouchers for processing by the Foundation with the submitter copied on the email. If the submitter has any questions regarding the international status of payee, please submit the voucher to the International Tax Manager first for review and approval. **For scholarship payments to non-US citizens, please see Scholarships and Related Payments section.**

PROHIBITED EXPENDITURES

The following items will **not be reimbursed** by the Foundation:

- Salaries or wages to GMU personnel or individuals. These must be processed through the university payroll system. GMUF can reimburse such payments to the university org/fund.
- Honoraria and independent service payments to university employees or students
- Contract payments to university employees or students
- Personal expenses
- Services provided by external professional fundraisers
- Mailing lists for solicitation purposes
- Hardware or software procurement without approval of ITS/ Architectural Standards Review Board
- Third-party payments. All payments to a third party whether for an honorarium, independent service, or reimbursement must be made directly to that person or entity by the Foundation.
- Honoraria, scholarships, wages, and fellowships to non-US citizens, without the approval from the International Tax Manager, Fiscal Services
- Parking decals and/or parking tickets
- Moving and relocation expenses
- Donations to another non-profit organization (includes §527 political organizations).
 - Business-related event sponsorships, which include a charitable component in the sponsorship cost, must be paid directly by the Foundation.
 - The Foundation does not reimburse individuals for charitable contributions to other entities.

Note: This list is not meant to be all-inclusive. Other items may be deemed non-reimbursable upon review. See additional discussion of prohibited expenditures related to travel expenses in the Expense Reimbursement and Travel Policy.

CONTRACT PAYMENTS AND COMPETITIVE BIDS

George Mason University employees or students cannot be considered contractors for payment from the Foundation. For assistance with payments to GMU staff or students,

please contact GMU Human Resources/Payroll at x32600.

The Foundation encourages staff to obtain multiple quotes or bids for contracts in excess of \$5,000.

Contracts for goods and services that cost \$5,000 or less may be executed by individuals according to signing authority on file with the Foundation. The \$5,000 threshold must not be circumvented by "splitting orders," i.e., awarding multiple contracts within a short time period to the same vendor that would exceed the delegated signature authority.

Contracts for goods and services that exceed \$5,000 must be reviewed and signed by the Foundation's Chief Financial Officer. Contracts should be submitted to the Foundation for review prior to the Foundation's counsel.

The following items must be on file at the Foundation or included with the first voucher submission:

1. Signed *IRS Form W-9* from contractor;
2. *GMU Employee or Independent Contractor Checklist* signed by the Project Director; (form located at <https://www.foundationforscalia.org/forms/>)
3. Fully reviewed and signed vendor contract and statement of work (if applicable);
4. Documentation supporting the competitive bid effort or a sole-source justification form.

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