

JAMES MADISON INNOVATIONS, INC.

POLICY FOR DISBURSEMENT OF FUNDS

APPROVED: February 4, 2010, by the Board of James Madison Innovations, Inc.

I. PURPOSE

The purpose of this policy is to ensure that disbursements of JMI funds are

- made only upon proper authorization;
- supported by appropriate receipts and other documentation;
- justified for reasonable, necessary, and valid business purposes for the benefit of research and innovation at James Madison University, specifically to
 - promote, encourage, and aid scientific investigation within the University;
 - protect, defend, market, and license and otherwise promote commercialization of University Intellectual Property;
 - support commercialization potential of technologies and start-up or emerging growth company efforts stemming from endeavors at James Madison University;
- and
- compliant with all applicable federal and state regulations and JMI's status as a 509(a)(3) IRS entity.

II. PAYMENT REQUESTS

Requests for the disbursement of funds are made by submitting a completed JMI Payment Voucher, a completed JMI Business Expense Reimbursement Form (if applicable), and all necessary receipts or other supporting documentation.

A completed Payment Voucher must provide the following information:

1. A description of the expenditure that includes the business purpose and the amount requested. [Travel, Entertainment, and Gift expenditures require additional description for IRS compliance. JMI does not use a per diem method for the reimbursement of meals & incidental expenses or lodging expenses. Paid receipts are required to support claims for reimbursement of business expenses that are reasonable and necessary to accomplish a business purpose.]
2. Travel expenses must include the dates of departure and return; the travel destination; the method of transportation used; and a statement regarding the business purpose.
3. Entertainment, which includes business meal expenses, must include the name(s) of the individual(s) entertained, where the entertainment took place, and a statement regarding the business purpose to be accomplished.
4. An original invoice or an original paid receipt is required to properly support disbursements.
5. Original supporting documentation is usually not available when payment is made directly to the university cashier (JMU budget recoveries or budget funding, as an

example). Therefore this type of disbursement request must be clearly described on the JMI Payment Voucher.

6. Payee's name, mailing address, and Social Security Number/Taxpayer Identification Number. JMI requires a completed IRS Form W-9, Request for Taxpayer Identification Number, to be on file for all payments. Checks will be mailed to the payee's address, unless stated otherwise on the JMI Payment Voucher.
7. The name of the JMI account to be charged.
8. Signature of the person requesting the payment.
9. Approving signatures from the JMI Treasurer and either the JMI Executive Director or the Chair of the Board of Directors. In the event that the Executive Director has requested reimbursement for expenses that have been personally incurred, the Chair of the Board of Directors shall approve the payment before forwarding the request to the Treasurer.
10. The JMI Treasurer reviews all Payment Vouchers to ensure:
 - a. compliance with IRS regulations;
 - b. compliance with "Uniform Management of Institutional Funds" Act;
 - c. reasonableness of the request based on prudent business practices and university objectives;
 - d. proper and adequate documentation attached;
 - e. account name and number are correct;
 - f. expenditure agrees with account's purpose;
 - g. funds are available; and
 - h. all required signatures are present.

III. GUIDELINES FOR DISBURSEMENTS

1. University employees may receive reimbursement for expenditures made on behalf of a university program. Original supporting documentation that includes proof of payment must be submitted with the JMI Payment Voucher.
2. JMI's Business Expense Reimbursement Form must be attached to the JMI Payment Voucher to document the required supporting information for travel and entertainment expenses.
3. When the university has reimbursed a portion of out-of-pocket expenditures (lodging and business meals, as an example), then the balance may be requested from JMI. The expenditure must be reasonable and customary for the business purpose the expenditure is attempting to accomplish. These requests require the following to be attached to the JMI Payment Voucher:
 - a. copies of all documents submitted to JMU;
 - b. proof of JMU's reimbursement;
 - c. paid receipts supporting the expenditures; and
 - d. the reason that JMU did not reimburse the amount (balance) requested from JMI.
4. Requests for reimbursement must be received by JMI within one (1) month of the expenditure. Requests for reimbursement that were submitted first to the university must be received within (2) months of the expenditure.
5. JMI will not disburse operating funds for:
 - a. personal expenses (family, spouse, other individuals not employed by the university and not on official business of the university);

- b. flowers, unless used as decorations for receptions or banquets;
 - c. fines for personal negligence;
 - d. gifts to other charities;
 - e. personal meals (not on official business);
 - f. business expenses supported by a per diem method (except mileage);
6. Bids are normally required for goods or services costing over \$5000. Persons expecting to use JMI funds to purchase goods or services costing over \$5,000 must obtain prior approval from JMI.

IV. SPECIFIC GUIDELINES FOR DISBURSEMENTS

Those requesting payments to individuals for performing services must follow these procedures:

1. Contact JMI to ensure proper tax status (employee vs. independent contractor) and to ensure ability to provide payment for that purpose.
2. Independent contractors may receive payment directly from JMI. Please include a completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification) with the contractor's invoice as attachments to the JMI Payment Voucher.
3. Travel
 - a. JMI will reimburse for auto mileage while on official JMU business at the corresponding mileage-rate paid by JMU.
 - b. Airline ticket purchases, whether purchased personally or prepaid by JMI, need to be substantiated by original invoice and by validated boarding passes. For tickets that are prepaid, a validated boarding pass or its equivalent must be forwarded to JMI when the traveler returns home.
 - c. JMI will not pay for travel expenses of non-employees unless there is a bona fide business purpose.
4. Business Meals:
 - a. When a JMU employee is acting as an official representative of the university, meals incurred during non-overnight travel can be deemed a business meal. This situation requires that the employee act as an official representative when discussing business with representatives of the State, with employees of other agencies, with private consultants, with prospective employees, etc. The employee must show that the expenses are commercially, rather than socially, motivated.
 - b. The situation where two university employees simply discuss work during a meal does not qualify for reimbursement.
 - c. Alcohol expenses, which are customary and reasonable considering the facts and circumstances of the particular business setting, are allowable during an official business meal.