

# Advancement | UCF Foundation, Inc.

## Outside Revenue from Work Performed (Assignment of Income) Policy

Policy# 7.33

Effective Date: 12/15/2020

Responsible Department: Accounting

### 1. **PURPOSE**

The University of Central Florida Foundation, Inc. (Foundation) appreciates the generosity of individuals who wish to make a donation to the Foundation. If an individual wishes to make a gift to the Foundation, it is recommended that payment be made directly to the Foundation in accordance with the Foundation's gift acceptance policies and giving procedures. Please see the Foundation's Gift Acceptance Policy.

### 2. **APPLICABILITY**

This policy applies to all Foundation or University of Central Florida (University) employees and provides guidance to individuals and organizations who wish to assign income by directing payment to the Foundation.

### 3. **POLICY**

When an individual or organization chooses to direct payment of earned income to the Foundation, this is referred to as an assignment of income. Even though all types of income can be assigned the two most typical types of income assignment are royalty payments from a publisher and speaking fees or honorariums from outside parties. Assignment of income to the Foundation is recorded as a contribution, or a charitable gift to the Foundation that may qualify for tax deductibility under Internal Revenue Service (IRS) regulations. The party in the transaction that had the control to direct the payment and that party will receive a charitable gift receipt.

When an individual or organization has control to direct the payment of income to the Foundation from a third party, the income may still be reportable income for IRS tax purposes. The individual or organization should consult with their tax advisor. In general, the Foundation will treat the payments received as follows:

- If the individual or organization directs the payment from a third party to the University and the University endorses the check over to the Foundation; payment shall be recorded as a "contribution" from the University. The University usually will require documentation of the nature of the funds before endorsing over to the Foundation. The University had the control to direct the payment to the Foundation.
- If the individual or organization directs the payment to the Foundation from a third party and the contract or other documentation from the third party showing the assignment is provided to the Foundation; payment shall be recorded as a contribution from the individual or organization. The individual or organization had the control to direct the payment to the Foundation.
- If the individual or organization receives the payment from the third party and the individual or organization as payee endorses the check over to the Foundation; payment shall be recorded as a contribution from the individual or organization. The individual or organization had the control to direct the payment to the Foundation.

- If the individual or organization directs the payment to the Foundation from a third party and the Foundation is not provided a contract or other third party verification document indicating an assignment of income was made; payment shall be recorded as a contribution from the third party. In the absence of documentation, the third party had the control to direct the payment.

In the absence of documentation, the development office will be requested to inquire regarding the nature and intent of the funds so that the Foundation may determine whether the Foundation is the appropriate recipient of the payment.

For outside services performed by a University employee within the scope of the employee's University contract, the employee should contact the University's human resources department regarding an employee's contract since the compensation received may be required to be reimbursed directly to the University. All outside activity or employment performed by an employee is governed by the applicable rules and regulations in the Florida Statutes and the Florida Administrative Code.

#### 4. **CLARIFICATION**

Requests for clarification of this policy should be sent to the Associate Vice President and Chief Financial Officer.

Certified as approved by the Executive Committee of the Foundation Board of Directors on December 15, 2020.

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Name: Rachel Schaefer

Title: Associate Vice President for Advancement Strategy and Chief Operating Officer

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