Overview

The purpose of this Policy is to set forth the guidelines and procedures for the purchase and distribution of gift cards/certificates purchased with Foundation funds to ensure compliance with the Foundation’s tax withholding, reporting obligations and internal control risk management.

Gift cards have a significant risk for fraud and pose internal control risks and so their purchase using Foundation funds should be avoided unless they are well justified and follow the guidelines set forth in this policy. In general, compensation and reimbursements should follow the Foundation’s Accounts Payable process using a Foundation check.

Gift cards/certificates may NOT be distributed in lieu of employee cash compensation.

Gift cards/certificates may not be used for student academic awards.

Gift cards/certificates may not be purchased via credit card or procurement card.

Single gift cards greater than $50.00 shall not be procured. An aggregate purchase of gift cards shall not exceed $500.00.

Definitions

Gifts: A gift is something given as a present for which the dominant motive is detached or disinterested generosity or affection, appreciation or gratitude, respect, admiration, charity, or like sentiment.

Prizes: A prize is something that is given as a result of a game of chance, drawing, or contests of skill, either with or without the purchase of a chance or ticket.

Awards: An award is something that is given for meritorious performance, productivity, or other reasons connected with employment; or for non-employees, given in
recognition of an accomplishment, achievement, or activity that does not require the performance of a service.

**Gift Cards or Certificates to Employees**

Gift cards shall not be procured for University or Foundation Employees. Any cash compensation to employees shall follow University payroll procedures. Payments deemed to be compensation shall be recorded as taxable income and reported on the appropriate IRS form.

**Gift Cards or Certificates to Non-Employees**

Gift cards presented to Non-employees may be taxable and reportable income on form 1099-MISC to the recipient if they are over $600.00. Gift cards should not be given in exchange for services. The Foundation will track all compensation received by such individuals, if the individual receives other awards or payments during the calendar year in excess of $600, the entire amount will be reported on Form 1099-MISC. A gift card log must be kept for such individuals and a form W-9 requested at the time of gift card distribution if there is any indication that an individual might receive $600 during the year.

**Research or Survey Participants**

Payment to non-employee participants of research or survey projects may be compensated with a gift card; however such compensation may be taxable income to the recipient. The Foundation will track all compensation received by such individuals, if the individual receives other awards or payments during the calendar year in excess of $600, the entire amount will be reported on Form 1099-MISC. A gift card log must be kept for such individuals and a Form W-9 requested at the time of gift card distribution if there is any indication that an individual might receive $600 during the year.

**Prizes or Event give aways**

Prizes or event give aways must be something given without an expectation of repayment for recognition for superior performance in a competition or contest. The purchase of prizes or event give aways is permissible from Foundation funds when the prize or event give away is given as the result of a contest or a random drawing for which chances do not have to be purchased. Purchases with a retail unit value less than or equal to $50 are permissible. Prizes and event give aways with retail unit value of greater than $50 but less than or equal to $500 must have the pre-approval of the Foundation Controller.

The purchase of prizes/awards with retail unit values greater than $500 is prohibited from Foundation funds.
Procedures

In order to purchase a gift card please complete the appropriate Gift Card Purchase Authorization Form. Send the completed documents to the Foundation Accounting Office, Solms Hall Suite 201.

Documentation & Gift Card Disbursement Log Instructions

Once the Foundation Controller approves the request and the gift cards/certificates are issued, the department will be responsible for filling out a Gift Card/Gift Certificate Disbursement Log. The log is required to record the disbursement of all gift cards purchased - even if only one card is purchased for one individual.

The Gift Card Disbursement Log will require the department to collect the following information from the gift card recipients:

1. Recipient Name
2. Date of Distribution
3. Recipient Status (Employee, Student, Other)
4. Last 4 digits of SSN
5. Amount of Gift Card Awarded
6. Recipient Signature/Initials

As previously stated, if there is any indication that an individual might receive $600 during the calendar year whether it is the form of gift cards or other payments from Armstrong State University’s Foundation, a Form W-9 should be requested at the time of gift card distribution.

The Department will need to be able to reconcile all gift cards purchased. For example, if a department purchases 5 Gift Cards for $50 but only disburses 2 gift cards, their disbursement log should reflect that 3 gift cards still remain open. When the department disburses the remaining gift cards, an additional log should be filled out.

Filling out the Log

- Enter the Fund Name that purchased the gift cards
- Enter the Fund Administrator who can be contacted if further information is needed
- Enter the name of the Event or Program
- Enter the Fund Number where the gift cards were charged
- Enter the Beginning Purchase Amount of the gift cards
- If any previous gift cards have been disbursed, enter that amount
• Enter the name of the person receiving the card under Recipient Name
• Enter the date of distribution
• Indicate whether the individual is an employee, student, or no affiliation (Other)
• Provide the last 4 digits of their Social Security Number
• Enter the gift card amount. Once the amounts are entered in, the “Amount of Gift Cards Distributed” box will populate itself with the total distributed
• Ask the person receiving the gift card to sign their name in the signature field.
• Once the log is complete, the individual filling out the log should sign at the bottom
• The log should be completed during distribution and should be sent to the Foundation Controller’s Office to complete the reconciliation of the disbursement. The log should be sent by no later than the end of the month during which the disbursement occurred. A copy should be kept for departmental files.

**Control of Gift Cards**

Gift Cards should be kept under lock and key at all times to ensure proper physical security and to protect from theft and loss. Access to the gift cards and keys to the lock areas should be limited to the individual(s) responsible for safekeeping of the gift cards. Any gift cards that are procured but subsequently not distributed to recipients should be returned to the Foundation Controller.

If you have any questions on purchasing a gift card, please contact Jessica Henderson, Foundation Controller 912-344-2620 or Jessica.henderson@armstrong.edu