



# UNIVERSITY OF RICHMOND

## Policy Manual

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<b>Policy #:</b>	FIN-1100	<b>Policy Title:</b>	Gifts, Prizes, and Awards
<b>Effective:</b>	07/01/2019	<b>Responsible Office:</b>	University Controller's Office
<b>Date Approved:</b>	06/13/2019	<b>Approval:</b>	Executive Vice President and Chief Operating Officer
<b>Replaces Policy Dated:</b>	04/08/2016	<b>Responsible University Official:</b>	Senior Associate Vice President and University Controller

### PURPOSE:

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The purpose of this policy is to provide guidance to individuals who wish to provide gifts, prizes, or awards utilizing funds administered by the University of Richmond. As a non-profit institution, the University of Richmond must exercise good stewardship of its charitable assets and must ensure that those assets are being used to further the University's educational mission. The policy ensures the appropriate and compliant use of University resources to further the University's mission of teaching, research, scholarship and service.

### SCOPE:

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This policy applies to the University of Richmond and all of its Affiliates. As used in this policy, the term "Affiliates" means organizations or entities in which the University owns a controlling interest or has the right to elect the majority of the entity's governing board.

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### POLICY STATEMENT:

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#### *FIN-1100.1 – Definitions*

##### Gift

A gift is a cash or non-cash item given as a gesture of goodwill or appreciation. The gift may be, but is not necessarily, related to job performance or student performance in academic or other realms.

# 1100 – Gifts, Prizes, and Awards

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## Prize

A prize is a cash or non-cash item given at random or as a result of a competition or contest. The prize is not directly related to job performance or student performance in academic or other realms.

## Award

An award is a cash or non-cash item given to recognize excellence or to honor an achievement or accomplishment. The award may be related to job performance or student performance in academic or other realms.

## De minimis

A non-cash gift, prize, or award that is so small and infrequent that accounting for it would be unreasonable or administratively impractical is considered a de minimis benefit by the Internal Revenue Service (IRS). Cash, gift cards, and gift certificates are never considered de minimis.

## *FIN-1100.2 – Policy*

## **Gifts**

### *University Employees and Students*

The use of University resources to provide cash gifts (including gift cards or gift certificates) to employees or students is not permitted.

The use of University resources to provide non-cash gifts to students or employees is generally not permitted, except in the following limited circumstances, infrequent occasions, and modest amounts (approximately \$75 or less):

- Expressions of sympathy or support in recognition of a serious illness or death of an employee, student, or immediate family member;
- UR-logoed merchandise as part of a program or event;
- Expressions of congratulations or appreciation in recognition of an academic or professional milestone, such as graduation or completion of a project of major significance, or completion of term of service in a University role.

To show appreciation or recognition for an employee's outstanding service to the University, supervisors are encouraged to recommend an employee for a bonus payment or other recognition through Human Resources.

The use of University resources to provide gifts in recognition of employee service milestones such as retirement or departure of long-serving employees is permissible and must be coordinated with Human Resources.

The use of University resources to provide gifts in recognition of holidays or personal events (*e.g.*, weddings, birthdays, or births/adoptions) is not permitted.

## *Non-University Individuals*

Cash payments given to non-University individuals (*e.g.*, honoraria) are considered taxable income and are not considered a gift or prize. To issue a payment to these individuals, a check request must be completed and submitted to the Accounts Payable Office. The recipient will receive a Form 1099-MISC to report the payment, if payments reach \$600 or more within the calendar year.

When University officials are hosting visitors (individuals who are not University students or employees), being hosted at an event, or visiting other institutions, University funds may be used to give such visitors a modest non-cash gift appropriate to the occasion as a sign of appreciation or gratitude.

## **Awards, Prizes and Incentives**

University funds may be used to provide prizes, awards and incentives only under the following circumstances:

- Students may receive departmental academic achievement awards and Commencement awards with approval of the Dean or Vice President as outlined in *FIN-2101 Policy on Provision of Financial Resources to Students*. The value of the award, the student's name, and the student's University ID number must be provided to the Financial Aid Office. The award will be reported as taxable income on form 1099-MISC, if payments reach \$600 or more within the calendar year.
- Random prizes are allowed for participation in events. The prize may not be a gift card or gift certificate.
- Awards distributed to employees at the annual Service Awards Event or as formal recognition for teaching, scholarship or service are allowable (*e.g.*, Distinguished Educator Awards).
- Gift cards or gift certificates (or cash) may be given as incentive to research study participants or for participation in institutionally sponsored surveys. When gift cards or gift certificates will be provided in these circumstances, pre-approval from the University Controller is required. Cash payments for such circumstances should be requested and approved through the Pre-Approval process in Chrome River.

## *FIN-1100.3 – Taxation*

- The Internal Revenue Service (IRS) provides guidelines on the taxability of gifts to employees. Specifically, the IRS stipulates that gifts, prizes, or awards to employees must be treated as compensation, are subject to tax withholding, and are reportable on Form W-2.
  - Gift cards and gift certificates are considered taxable compensation, regardless of the amount, beginning with the first dollar.
  - IRS regulations allow for exemption of certain non-cash gifts given during a formal setting recognizing length of service; such awards are non-taxable.
- Gifts, prizes, or awards given to students, or non-University of Richmond employees, may be subject to tax reporting on Form 1099-MISC.

# 1100 – Gifts, Prizes, and Awards

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## **RELATED POLICIES:**

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- FIN-4101* Policy on Use of University Funds and Financial Responsibilities
- FIN-2101* Policy on Provision of Financial Resources to Students
- FIN-4204* Policy on Business Meals and Entertainment
- FIN-16001* Reporting and Investigating Suspected Fraud, Waste, and Abuse Policy
- GOV-1005* Policy and Procedure on Monetary Support and Cash Donations

## **POLICY BACKGROUND:**

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Policy was reviewed by Academic Deans and President’s Cabinet prior to approval on 06/13/2019.  
Policy replaces *Policy of Tax Reporting for Gifts, Prizes, and Awards* dated 4/8/2016.

## **POLICY CONTACTS:**

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Director of Strategic Sourcing & Payments, Office of Strategic Sourcing & Payments  
Director of Tax Compliance & Payroll, Payroll Office  
Senior Associate Vice President and University Controller