

Policy No. 912**Responsible Department:** Accounts Payable**Responsible Administrator:** Accounts Payable Manager**Effective Date:** April 1, 1997**Reviewed/Updated Date:** December 2024**Date of Scheduled Review:** February 2027**GIFTS, AWARDS, PRIZES, & RECEPTIONS POLICY****PURPOSE**

To establish guidelines for ACU funded expenses relating to gifts, awards, prizes, and receptions given to employees, students, and non-employees (individuals and entities) and to encourage and ensure good stewardship regarding the usage of the university's resources.

SCOPE

This policy applies to ACU employees and students acting on behalf of ACU using ACU funds.

PROCEDURE**A. Appropriate Uses of Gifts, Awards, & Prizes**

Length of service; outstanding professional achievements; safety achievements; retirement; merits or contributions to the university; judged competitions, contests, or random drawings associated with the university.

B. Cash

1. Given to Employees (including students in an employment capacity)

To request payment, please fill out a **PAF** form and contact Human Resources with any questions. If a gift, award, or prize is given to an employee in the form of cash, the amount will be added to the employee's W-2 as taxable income. To request payment, please fill out a **PAF** form and contact Human Resources with any questions.

2. Given to Non-Employees (individuals, entities, and students in a non-employment capacity)

To request payment, please fill out a **Request for Payment** form and a **Gift, Award, or Prize Purchase** form and send the forms to Accounts Payable with any attached receipts when tangible gifts are purchased. If a cash gift, award, or prize is given in a non-employment capacity to an individual, entity, or student, the amount will be considered taxable income and will be added to the recipient's 1099 form. If payment is requested and the appropriate documentation is not provided, the payment will not be processed.

C. Merchandise

1. Given to Employees (including students in an employment capacity)

If an employee receives \$600 or more in merchandise in any given calendar year from ACU, the fair value of the merchandise will be included in the employee's W-2 as taxable income. To request reimbursement for merchandise, please fill out a **Request for Payment** form and a **Gift, Award, or Prize Purchase** form and send the forms to Accounts Payable and Payroll with any attached receipts. The purpose of this form is to ensure that ACU continues to follow IRS regulations by tracking 1099-MISC, box 3 related purchases.

2. Given to Non-Employees (individuals, entities, and students in a non-employment capacity)

If an individual, entity, or student receives \$600 or more in merchandise in any given calendar year from ACU, the total fair market value of the merchandise will be considered taxable income and added to the recipient's 1099. To request reimbursement for merchandise, please fill out a **Request for Payment** form and a **Gift, Award, or Prize Purchase** form and send the forms to Accounts Payable with any attached receipts. If a cash gift, award, or prize is given in a non-employment capacity to an individual, entity, or student, the amount will be considered taxable income and may be added to the recipient's 1099. The purpose of this form is to ensure that ACU continues to follow IRS regulations by tracking 1099 related purchases. If the appropriate documentation is not provided, the payment will not be processed.

D. Gift Cards, Gift Certificates, & Store Credits

Gift cards, gift certificates, and store credits may not be purchased using ACU funds for anyone. These purchases are considered prohibited and are non-reimbursable by the university.

E. Door Prizes or Other Random Drawings

Door prizes or other prizes given to anyone that are selected at random are considered taxable income to the recipient. Door prizes and random drawings are considered prizes and similar procedures apply, see **Appropriate Uses of Gifts, Awards, & Prizes**.

F. Gifts Given for Special Occasions

Gifts given to anyone for occasions such as birthdays, weddings, graduation (except for ACU graduating students), Christmas, baby showers, going away, or any similar event are reimbursable up to \$75 per recipient. To request reimbursement, please fill out a **Request for Payment** form and a **Gift, Award, or Prize Purchase** form and send the forms to Accounts Payable with any attached receipts. If the cash gift, award, or prize totals \$75 or more, a W-9 form will be completed by the recipient with the ACU Accounts Payable department.

G. Higher Education Act

Due to regulations outlined in the Higher Education Act, ACU will not provide any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any persons or entities engaged in any student recruiting or admission activities or in making decisions regarding the award of student financial assistance. This includes a sum of money or something of value other than fixed salary or wages.

H. Payment of Services

Individuals should not be paid for services in the form of a gift, award, or prize. If an individual or entity is performing a service for ACU, they should either be paid through Payroll as an employee or through Accounts Payable as an independent contractor. Please submit an Employee vs. Independent Contractor Worksheet if you are unsure of how the individual or entity should be paid.

I. Student Financial Assistance for Living Expenses

Due to ACU's tax exempt status, a department cannot request payment through Accounts Payable or make direct payments for purchases such as groceries, rent, household bills, or other related living expenses for a student using departmental funds. If a student is in need of emergency financial assistance for living expenses, please contact Student Financial Services for scholarship information. Such taxable scholarships will be reported on the student's 1098-T, and the student will be responsible for reporting the amount on his/her 1040 form. International students receiving scholarships for living expenses will have a 14% tax applied to their student account per IRS regulations. These scholarships cannot, in any way, represent the payment of services.

J. Gifts Given to Student Athletes

Gifts, awards, prizes, or other benefits given to a student-athlete are normally acceptable if it is demonstrated that the same gift / benefit is generally available to the institution's students, faculty, staff, and their relatives or friends. No gift or other benefit shall be provided to a student-athlete based on his or her athletic ability. The paying department should contact the ACU compliance officer in the Athletic department prior to providing any gifts or other benefits to determine compliance with NCAA rules.

K. Gifts Given to International Students

1. Given in an Employment Capacity

Gifts, prizes, and awards given in an employment capacity to a student holding an F-1 Visa will be paid through Payroll, reported on a W-2 or 1042-S, and will have taxes withheld based on W-4 elections.

2. Given in a Non-Employment Capacity

Monetary gifts, prizes, and awards given in a non-employment capacity to a student holding an F-1 Visa will be paid through Accounts Payable, reported on a 1042-S, and will have 30% in taxes withheld from the payment amount.

L. Student Financial Aid & Tax Consequences

Please note that gifts to students may have an unintended effect on financial aid. The student will be reporting additional income to the IRS, which is a factor in the amount of financial aid the student is awarded for the school year.

M. Expressions of Sympathy

Sympathy flowers/cards can be sent for the following occasions:

1. Serious illness or a hospital stay of an employee, emeritus faculty member, student, board member, or immediate family member. An immediate family member is defined as a spouse, children, siblings, or parents.
2. Death of an employee, emeritus faculty member, student, board member, or immediate family member. An immediate family member is defined as a spouse, children, siblings, or parents.

N. Receptions

1. Retirement Receptions

Expenses for a retirement reception for an employee that has been at ACU at least ten years and is at least 55 years of age may be reimbursed using ACU funds.

2. Christmas and Graduation Receptions

Expenses relating to graduation and Christmas receptions may be reimbursed when it is a legitimate ACU-related function. Each department may only have one Christmas and one graduation reception per fiscal year.

3. Other Receptions

Non work-related school or departmental luncheons, dinners, or parties/celebrations/reception expenses will not be reimbursed using ACU funds. Examples include weddings, baby showers, or other similar events. Occasional birthday receptions are allowable.