University of North Alabama Foundation Entertainment Policy

I. GENERAL GUIDELINES

It is understood that the business of the University of North Alabama (UNA) requires some expenditures of an entertainment nature. In all cases however, there must be a clear, documented business purpose for the event/expenditure that indicates the event's benefit to the University. This policy is intended to be neither all-inclusive nor to address every situation which may arise.

From an IRS perspective, for meals and entertainment to qualify as a business expense, they must be ordinary and necessary and not lavish and/or extravagant and must be directly related to or associated with the University's mission. In addition, a UNA employee must be present at the meal/event for it to meet the IRS business expense regulations. Because the IRS imposes strict substantiation/documentation requirements on such expenditures, the Foundation must be able to provide the following documentation on such expenses:

a) The amount of each separate expenditure (itemized receipts required);
b) The date of the activity;
c) The place and description of the entertainment, such as dinner or event, if not apparent from the name of the establishment;
d) The business purpose of the expenditure (i.e., how the mission of the College is advanced by incurring the expense);
e) The business relationship to the University for each person in attendance.

In general, business must be discussed during the meal or other activity and every person whose expense is paid for by the UNA Foundation must have a business connection to the activity. Even though in some cases the business purpose is implied, it must be specifically documented. This does not require a great deal of explanation. In many cases, a short description will suffice (e.g. discussed new research project, conducted departmental staff meeting to review goals, etc.) The Foundation will refuse payment for any meal or other entertainment expense for which the business purpose has not been sufficiently documented. In addition, the Foundation will refuse payment for any meal that is lavish or extravagant.

If business and non-business individuals are entertained at the same event, the Foundation will only reimburse for business persons at the event. If expenses for the business individual are not specifically identifiable, it is permissible to allocate the total bill on a pro rata basis for the business persons.

The business purpose for the meeting must not be incidental. To prove the expense is directly related to the mission of UNA, an employee must be present at the business meal or other entertainment activity.
II. MEALS AND ENTERTAINMENT EXPENSES

Entertainment is generally defined to include attendance at restaurants, events, etc., as well as the furnishing of food and beverages or hotel accommodations. Meals are defined as other persons joining the employee at the expense of the Foundation fund. Meals are not considered entertainment.

Expenses for meals other than those incurred while on travel status can fall into two broad categories: business meals and guest meals.

1. **Business Meals**
   By definition, **business meals** would include meals provided during business meetings involving the following:
   a) Only University employees during normal working hours
   b) Persons being compensated by UNA via a professional service or other contract
   c) Meals served during/associated with advisory council type meetings
   d) Meals at UNA hosted/sponsored conferences/meetings/seminars if not included in the program
   e) Meals provided to students while on campus or in conjunction with continuing education programs

   Meals and refreshments incidental to a business meeting that involves **substantive** business discussions and include primarily only UNA employees may be provided if, for reasons of continuity, the meeting extends through a traditional meal time period. Such business meals should be infrequent and should generally be served at the meeting site.

   Documentation requesting payment/reimbursement of business meals while not in travel status must include all of the following:
   a) Guest list of all in attendance that denotes each participant's association with UNA
   b) Itemized bill (credit card receipt only is not sufficient)
   c) A detailed statement of the business purpose.

2. **Guest Meals**
   Guest meals are defined as those meals provided during the course of UNA business when at least one non-UNA employee is present.

   Guest meals are those provided to:
   a) distinguished guests
   b) interviewees and persons visiting UNA as non-paid guests accompanied by a UNA employee host.
   c) guest lecturers, visiting scholars and other distinguished guests of the University

   There must be a documented business purpose (must meet IRS ordinary and necessary criteria) and need for business to extend into a traditional meal time period. The cost of the meal must be reasonable, not lavish or extravagant, and the number of UNA employees present to
entertain the guest should be kept to a minimum.

Meals served during interview situations, for guest lecturers, visiting scholars and other distinguished guests of the University are considered guest. The number of University employees participating should be kept to a minimum.

Documentation requesting payment/reimbursement of guest meals must include all of the following:

- Guest list of all in attendance that denotes each participant's association with UNA
- Itemized bill (credit card receipt alone will not be sufficient)
- Detailed statement of the business purpose

3. Gifts to Employees
Gifts may not be purchased for employees from UNA or Foundation sources to reward exceptional service or for birthdays, weddings, non-retirement departures, etc. These must be funded by the individuals giving the gifts. The following are allowed:

a. Items distributed at the annual employee recognition program in which length of service awards are presented to employees.

b. Retirement gifts for retirees with 10 or more years of service may be purchased with Foundation funds. These gifts should not exceed $50.

Expenses associated with Retirement Receptions may be paid using Foundation funds. The cost of receptions should be kept to a minimum. Meals and/or receptions for employees leaving the University who are not retiring are considered personal in nature and may not be paid using Foundation funds.

4. Honorariums to Speakers or Volunteers
Honorariums to speakers or volunteers can be funded from Foundation funds. When these expenses are incurred an IRS Form W-9 must be completed. A 1099 will be issued at year end if required by IRS regulations. Cash payments should be made directly to the service provider.

A letter or memorandum of understanding should be obtained to document the services to be provided and the agreed upon compensation.

Gifts to speakers or volunteers are considered taxable compensation and a W-9 should be obtained similar to that described above for gifts that exceed $600.

5. Flowers, Invitations & Greeting Cards
Flowers for decorative purposes for official UNA business functions, corsage/boutonnieres for retirement functions, or flowers for hospitalized (including births), ill or deceased employees/friends/donors of UNA will be paid by the Foundation. Generally, the cost should not exceed $75 for the flowers. Any exception will require advanced approval from the appropriate VP. Efforts should be coordinated so that duplicate flowers are not sent.
Greeting cards for donors, prospects and friends are allowable, with appropriate explanation.

6. **Coffee Break and Refreshment Supplies**
The cost of coffee and/or filtered water in an employee lounge is payable from Foundation funds when the cost is kept to a minimum.

7. **Clothing**
The cost of occasional uniform type garments is payable from Foundation funds when the cost is kept to a minimum. The Foundation does not purchase or rent tuxedos, formal dresses, or other clothing for UNA employees.

8. **Alcohol**
The purchase of alcoholic beverages from Foundation funds is allowable only when there is a documented business purpose. The quantity and the price should be reasonable. Personal consumption of alcohol when traveling will be at the employee’s personal expense unless entertaining an official guest of UNA. Since alcohol may not be provided to minors, alcohol purchases will not be approved for student functions.

9. **Awards**
Awards to UNA personnel will only be made under the terms of a formal award program. Guidelines may be established by a gift document or by an internal program document, but must meet the requirements of a transparent nomination process, availability to the entire group, and an independent selection committee.

10. **Gift Certificates**
Gift cards/gift certificates, etc may be allowable as prizes for students participating in a University sponsored event or an incentive research. The names, relationship, and purpose of the University of each Gift card/certificate recipient must be notated on the reimbursement form. The maximum value allowed for a single gift card cannot exceed $100. Gift cards cannot be distributed to employees for participant incentives. Payments to employees must be made via a supplemental payroll process.

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