

## Hospitality, Alcohol, and Other Special Expenses Allowability Grid

Expense Type		Purpose	Conditions for Allowability	Allowability by Type of Funds?				Taxable? <sup>3</sup>
				Non-spons Public	Non-spons Private <sup>1</sup>	Non-spons non-current	Sponsored <sup>2</sup>	
<b>Admissions to non-University charitable functions and events (see also "Tickets")</b>			Event must have a clear mission, outreach, or business-related purpose.	No	Yes	No	No	
<b>Alcoholic beverages</b>		When purchased in the course of faculty/staff recruitment, donor relations, or to be served or sold at University events.	Limited to gift funds only. Must request and receive approval from the Risk Management Office in advance of the event. (See associated procedures).	No	Yes	No	No	
<b>Awards (employee)</b>	<b>Length of Service</b>	Tangible awards of personal property to recognize years of service.	Should be consistent with HR-sponsored University catalogue programs. See "University Employee Recognition Awards" Appendix for additional requirements.	Yes	Yes	No	No	Taxable to the extent award does not meet requirements.
	<b>Retirement (traditional)</b>		See "University Employee Recognition Awards" Appendix for requirements.	Yes	Yes	No	No	Taxable to the extent award does not meet requirements.
<b>Charitable</b> contributions or donations to charitable organizations or activities			The University is itself a charitable, tax-exempt organization, and should not make contributions to other charitable organizations. (Campus Life and Registered Student organizations which occasionally raise or collect funds for charitable purposes may continue to do so)	No	No	No	No	
<b>Child care</b> expenses incurred by faculty or staff		Child care expenses related to any function, event or activity		No	No	No	No	

<sup>1</sup> In this column, the answers apply unless the donor specifically prohibits the use of gift funds for the listed expenditure types.

<sup>2</sup> Sponsor requirements, if more restrictive, will supersede University of Minnesota policy requirements. Contact Sponsored Projects Administration (SPA) for specific sponsor guidelines and restrictions.

<sup>3</sup> To report a taxable award or prize, call Human Resources Call Center or Payroll Services.

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<b>Dues</b> – for clubs or organizations unrelated to the employee's job responsibilities or the academic discipline of the employee, department or college.			No	No	No	No	
<b>Entertainment</b> or expenses for 'involvement' in University events	<ul style="list-style-type: none"> <li>• Development/donor relations activities;</li> <li>• Faculty/staff recruitment and retention;</li> <li>• U-wide recognition and celebratory events</li> </ul>	Must be supported by adequate documentation that substantiates the business purpose of the expense. <sup>4 5</sup> Must be reasonable, moderate, and occasional to the recipient.	Yes (except for alcohol – see Alcoholic Beverages)	Yes	No	No	
<b>Flowers</b> (also see "Memorials")	As a recognition or gift to employees, members of the University governing boards or their spouse, and others who are significant to the University.	Must not exceed \$100, including delivery charges. Sales tax will not be reimbursed in situations where the University is not required to pay sales tax on the goods or services being reimbursed.	No	Yes	No	No	

<sup>4</sup> See procedure *Documenting Hospitality, Alcoholic Beverage and Special Expenses* for a description of documentation required by the IRS to ensure allowability of the hospitality expenses.

<sup>5</sup> Maximum upper limit of \$100 per person. For obtaining exceptions, please contact the University Financial Helpline or the policy owner.

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<b>Gifts</b>	<b>Non-employee</b>	As recognition to donors, members of governing boards, volunteers and University supporters.	Must not exceed \$100. Must use allowable type of funds.	Yes	Yes	No	No	
	<b>Employee – gift certificate</b>	As recognition of performance	Must not exceed \$100. Must use an allowable type of funds.	Yes	Yes	No	No	All denominations of gift cards / certificates are taxable. Only exception is gift card / certificate for a specific item of personal property. <sup>6</sup>
	<b>Employee – tangible personal property</b>	As recognition of performance	When intended for length of service, should be consistent with the University's catalogue programs.	Yes	Yes	No	No	
<b>Green fees and related business golf outing expenses</b>		Limited to development/donor relations activities	Reasonable, prudent, occasional, and moderate expenses. Must be supported by adequate documentation that substantiates the business purpose of the expense.	No	Yes	No	No	Taxable if adequate documentation is not provided
<b>Club Memberships</b>								
	<b>Campus Club - Departmental Membership - annual dues, incremental usage expenses such as meals, room rentals)</b>	<ul style="list-style-type: none"> <li>• Development/donor relations activities</li> <li>• Faculty/staff recruitment and retention,</li> <li>• all other University non-sponsored activities</li> </ul>	Used ONLY for bona fide, mission-related University business - no personal use may be charged to the U of M. Consider the activity when determining which funds to use.	Yes	Yes	No	No	

<sup>6</sup> For example, a gift certificate for a free t-shirt is not subject to tax.

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<b>Memberships Donated to the University</b> for use by executive officers	<ul style="list-style-type: none"> <li>Development/donor relations activities</li> <li>Faculty/staff recruitment and retention,</li> <li>all other University non-sponsored activities</li> </ul>	Used ONLY for bona fide, University business. The value of membership dues gifted to the Institution that relates to personal use must be imputed and added to compensation of executive who benefits (IRS regulations relating to taxable fringe benefits). Must be supported by adequate documentation that substantiates the business purpose of the expense <sup>7</sup> .	N/A	N/A	N/A	No	Taxable if used for personal activities
<b>Incremental Usage Expenses at Other Clubs</b> — meals, facility rentals, other expenses for use of a club (excluding greens fees)	<ul style="list-style-type: none"> <li>Development/donor relations activities</li> <li>Faculty/staff recruitment and retention,</li> <li>All other University non-sponsored activities</li> </ul>	Reasonable, prudent and moderate expenses. Must be supported by adequate documentation that substantiates the business purpose of the expense <sup>8</sup> .	Yes	Yes	No	No	Taxable if adequate documentation is not provided
<b>Club Memberships - Initiation fees, entrance fees, or "equity" payments<sup>9</sup>.</b>	Any function or activity		No	No	No	No	
<b>Personal Memberships to Clubs</b> (annual dues/membership fees)	Any function or activity	N/A	No	No	No	No	

<sup>7</sup> Some contractual exceptions may currently exist for a limited number of employees. In these instances, the University Tax Director and the Office of the General Counsel will meet with the affected employees to obtain tax and policy conformity.

<sup>8</sup> See procedure *Documenting Hospitality, Alcoholic Beverage and Special Expenses* for a description of documentation required by the IRS to ensure allowability of the hospitality expenses.

<sup>9</sup> Some contractual exceptions may currently exist for a limited number of employees. In these instances, the University Tax Director and the Office of the General Counsel will meet with the affected employees to obtain tax and policy conformity.

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<b>Memorials</b>								
	<b>Flowers</b>	As a recognition of deceased employees, members of the University governing boards or their spouse, donors, and others who are significant to the University as determined by the college, department or administrative unit.	Must not exceed \$100, including delivery charges. Sales tax will not be reimbursed in situations where the University is not required to pay sales tax on the goods or services being reimbursed.	No	Yes	No	No	
	<b>Gifts</b> in lieu of flowers at family's request		Must not exceed \$100., and must be to bona fide charities or nonprofit organization (NOT given directly to the family); expense approval subject to normal departmental or collegiate authorization.	No	Yes	No	No	

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<b>Other expenses</b> which could be perceived as personally benefiting individuals, extravagant or subject to public scrutiny, including but not limited to: <ul style="list-style-type: none"> <li>• Entertaining a particular guest or donor on multiple occasions,</li> <li>• Travel or expenses for non-University functions or meetings (such as charity events) that are unrelated to the mission and purpose of the unit considering the expenditure)</li> <li>• Entertainment expenses not covered elsewhere in this matrix</li> </ul>	Any function or activity	N/A	No	No	No	No	
<b>Parking</b> charges- visitor, volunteer, staff	For parking related to a bona fide University business purpose, such as attending an off-campus meeting.	Normal staff parking expenses (daily, monthly contract, etc.)are not allowable or reimbursable.	Yes	Yes	No	No	
<b>Political contributions</b> and fund raisers	Any function or activity	N/A	No	No	No	No	

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<b>Recognition (University-sponsored) or reception events</b>		Which are on University property, at staff residences, or at reasonably priced off-campus facilities; refreshments or meals provided by University Dining Services when applicable, or by moderately priced caterer; Use of internal University providers is encouraged. Expenses for sale or service of alcoholic beverages must comply with state law and University policies.	Yes <sup>10</sup>	Yes <sup>10</sup>	No	No	
<b>Recruiting</b> expenses for faculty and staff (see also "Spouse, Partner, Guest Expenses")			Yes	Yes	No	No	
<b>Refreshments, accommodations and related incidental expenses</b>	To accompany business meetings and retreats, to conduct diversity business, staff and student development or recognition events, or community building.	Must be occasional and modest in amount	Yes	Yes	No	No	
<b>Social events</b> such as birthdays & holiday parties	Any function or activity		No	No	No	No	
<b>Tickets to sporting, theater, music, and student events</b>	<ul style="list-style-type: none"> <li>• As a recognition gift for employees</li> <li>• Development/donor relations activities</li> <li>• As part of a program of academic study</li> </ul>		Yes	Yes	No	No	Exempt if occasional Taxable if season tickets

<sup>10</sup> Events not meeting these criteria are limited to Foundation or other non-sponsored private funds.

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<b>Spouse, Partner, Guest expenses for travel and entertainment</b> for “involvement” in University events	<ul style="list-style-type: none"> <li>• Development/donor relations and activities;</li> <li>• Faculty/staff recruitment and retention;</li> <li>• All other University non-sponsored activities</li> </ul>	Spouse travel should be occasional, reasonable, prudent and moderate in amount. Travel expenses for spouses, partners or guests must follow University travel policies and procedures. Must be supported by adequate documentation that substantiates the business purpose of the expense. Expenses must be approved by next higher supervisor using “one-up” approval.	Yes	Yes <sup>11</sup>	No	No	
<b>Valet parking</b>	Development/donor relations/activities	Reasonable, prudent, occasional, and moderate in amount. Must be supported by documentation that substantiates the business/fundraising purpose of the expense.	No	Yes (restricted non-sponsored gifts)	No	No	
<b>Violations of law - vehicle towing, traffic/parking tickets, and other related violations expenses</b>			No <sup>12</sup>	No	No	No	

<sup>11</sup> Allowable as noted unless the donor specifically prohibits the listed expenditure types.

<sup>12</sup> University Fleet Services may charge departmental non-sponsored or private funds for motor vehicle tickets and fines assessed to University-owned vehicles, but ONLY if they cannot identify or collect from the person who was driving the vehicle when the violation occurred.