

Membership Policy

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Effective Date: April 12, 2013

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Responsible University Officer:

President

Vice President for Business and Finance

Policy Owner:

Associate Vice President for Accounting and
Business Services

Director of Internal Audit and Tax Compliance

Policy Contacts:

Dominic Daher

Gale Bettencourt

POLICY STATEMENT

It is the policy of the University to consider membership in organizations that would promote the advancement of education and research, enhance the professional standing of its employees, and facilitate favorable relations with members of the community, potential donors, and other individuals who have a business relationship with the University. In considering whether to become a member of an organization, departments must assess the total costs and expected benefits the University would derive from the business use of the membership.

Membership in a social club is subject to special reporting requirements. See **Membership in a Social Club**.

Departments may establish more restrictive procedures than those set forth in this Policy, if desired.

REASON FOR POLICY

This Policy establishes the standards for the purchase of a University membership in another organization. The Policy conforms to the Internal Revenue Code and applicable Treasury Regulations so that a membership used for University business is not taxable to the employee provided with the membership.

WHO SHOULD READ THIS POLICY

Any employee who is the recipient of a paid membership in an organization as a representative of the University; the members of the Leadership Team, as well as supervisors and Business Managers who supervise an employee with such a membership.

POLICY TEXT

The University encourages membership in professional associations, societies, and other organizations as a means to obtain professional literature on issues of importance to the University, to provide access to professional training opportunities for faculty and staff, to advance scholarship and research, and to obtain other benefits.

The list below includes categories of organizations in which membership is allowable, subject to the availability of funds:

- Organizations of universities and colleges, including accrediting agencies (e.g., Association of Jesuit Colleges and Universities, National Council of University Research Administrators, Western Association of Schools and Colleges).
- Organizations of professional schools and colleges (e.g., Association of American Law Schools, Commission on Collegiate Nursing Education).
- Organizations of administrative officers (e.g., American Association of Collegiate Registrars and Admissions Officers, Institute of Internal Auditors, National Association of College and University Business Officers, College and University Professional Association for Human Resources).
- Scholarly societies (e.g., Modern Language Association, American Economic Association).
- Community organizations (e.g., Chamber of Commerce, Urban League).
- Memberships to secure periodicals (e.g., Association for Symbolic Logic, Council for Advancement and Support of Education).
- Social clubs (e.g., airline, athletic, business, luncheon, sporting, and similar clubs).

Please note: Individual memberships at discount stores such as Amazon Prime or Costco will not be reimbursed or allowed on p-Card. Please purchase required items through Hilltop Shop.

Membership in a Social Club

Institutional rather than individual memberships should be obtained whenever possible, as institutional memberships often allow participation by additional employees.

University funds may not be used for payment of fees or dues to any organization, including a social club, that maintains legally impermissible, arbitrary, or unreasonable discriminatory membership policies or practices.

PROCEDURES

Authorization

Methods of Payment

Membership in a Social Club

Violations

RELATED INFORMATION

Type	Title
USF	Purchasing Card Policy
USF	Travel and Entertainment Policy

DEFINITIONS

Term	Definition
Business Manager	A University employee, designated by the President, Vice President, Vice Provost, or Dean who is the financial manager for the University account(s) being used for the expense. This may include the President, Vice Presidents, Vice Provosts, or the Deans.
Business Purpose	Membership expenses that are in furtherance of the educational and research mission of the University.
Concur	The University's on-line system for payment requests, expense reimbursements, cash advance requests, and reporting
Purchasing Card	A bank-issued Visa credit card with a standard single transaction limit of \$1,000 and a monthly credit limit of \$2,500. This card may be used for small dollar, business-related purchases. Cards may be used for honorarium expenses when authorized by a Business Manager or supervisor.
Social Club	Any club organized for business, pleasure, recreation, or other social purposes, including airline clubs, business luncheon clubs, country clubs, golf and athletic clubs, etc. The definition of a social club does not include business leagues, trade associations, chambers of commerce, boards of trade, real estate boards, professional organizations such as bar and medical associations, and civic or public service organizations.

ADDITIONAL CONTACTS

Subject	Contact	Phone	Email
Payroll Services	Gale Bettencourt	415.422.2535	gbettencourt@usfca.edu
Tax Compliance	Dominic Daher	415.422.5124	dldaher@usfca.edu
ABS	Neva Nguyen	415.422.2772	nnguyen25@usfca.edu
Disbursement Services	Dennis Miller	415.422.2102	millerd@usfca.edu
Payment Request	Disbursement Services	415.422.6731	ap@usfca.edu

FORMS

Form	Use	Location
Payment Request	Used to initiate payment requests in the Concur system.	ABS
Purchasing Card and Declining Balance Card Application	Used to apply for a Purchasing Card.	ABS

RESPONSIBILITIES

Department/Business Manager

- Assesses total costs and expected benefits that the University would derive from the business use of the membership.
- Ensures that budgeted funds are available for membership expenses.
- Obtains approval for membership expenses in accordance with this Policy.
- Obtains documentation to substantiate membership expenses for submission to the Concur system.
- Reviews and certifies that all membership-related charges are correct.

Internal Audit and Tax Compliance

- Ensures that the Annual Report of Club Membership Usage is completed for employees with social club memberships.
- Calculates taxable amount associated with any personal use of a club membership and reports amount to the employee and Payroll Services.

Payroll Services

- Withholds applicable income, social security, and Medicare taxes related to an employee's

personal use of a social club.

- Reports the taxable value and withholding related to such personal use on the employee's Form W-2.

President and Vice Presidents

- Ensures employees in his or her division are in compliance with this Policy.
 - Approves any exceptions to this Policy for employees in his or her division.
 - Reviews and approves charges in the Concur system for his or her direct reports.
 - Authorizes social club memberships (President only, or his designee).
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FREQUENTLY ASKED QUESTIONS

(N/A)

REVISION HISTORY

- 07/18/2019 Revised to update policy text on individual memberships.
 - 09/20/2017 Revised to add an example and update Appendix.
 - 06/01/2016 Revised to include technical changes and clarifications only.
 - 04/12/2013 First publication of Policy
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APPENDICES

Appendix A - **Annual Report of Club Membership Usage**

PROCEDURES

Authorization **Methods of Payment** **Membership in a Social Club** **Violations**

AUTHORIZATION

Expenditures for memberships must be authorized in advance by the Business Manager, who is responsible for determining that budgeted funds are available for the membership expenses and that the expenses are in compliance with this Policy and related University policies.

Expenditures for membership in a social club require prior written approval by the President, or his designee.

METHOD OF PAYMENT

Purchasing Card

The preferred method of payment for membership expenses is the University Purchasing Card. This card is issued to certain employees for making business-related purchases on behalf of the University. Departments are responsible for reconciling all Purchasing Card charges made in the Concur system. See **Purchasing Card Policy**.

Payment Request

If a Purchasing Card is not an acceptable form of payment, the department should submit a **Payment Request** to Disbursement Services via the Concur system. A payment will be issued within 10 business days after Disbursement Services receives the properly approved Payment Request.

MEMBERSHIP IN A SOCIAL CLUB

Annual Reporting

An employee who has been provided with a membership in a social club will be required to report his or her business and non-business (i.e., personal) use of the membership on an annual basis. The Annual Report of Club Membership Usage is used for this purpose. See **Appendix A**.

The employee must report the nature of the business discussion or entertainment activity that took place on each day the club was used for business purposes and the names and occupations of the individuals entertained to establish their business relationship with the University. With respect to an airline membership, the employee must also report the nature of the University business conducted while using the club such as holding a meeting or making confidential phone calls to the employee's department, a potential donor, a prospective employee, or other individuals with a University business relationship.

The Annual Report must be submitted to the Director of Internal Audit and Tax Compliance by the first business day of November (see below).

Personal Use of a Club Membership

Internal Audit and Tax Compliance will calculate the taxable amount associated with an employee's membership in a social club based on the percentage of business and personal use of the club reported by the employee. Under Internal Revenue Service (IRS) regulations, employee membership dues related to the personal use of a club represent additional wages subject to withholding for income, social security, and Medicare taxes.

For example, assume the University provides Employee B with a social club membership for which it paid \$20,000. B substantiates that the club was used 40 percent for business purposes. The business use of the club (40 percent) may be considered a working condition fringe benefit. Thus, B may exclude from gross income \$8,000 (40 percent of the club dues, which reflects B's business use). The University must report \$12,000 as wages subject to withholding and payment of employment taxes (60 percent of the value of the club dues, which reflects B's personal use). B must include \$12,000 in gross income. See Treas. Reg. section 1.132-5(s)(3), Example 1.

In order to withhold the applicable taxes associated with personal use of a club, the University has elected to use the IRS special accounting rule set forth in Announcement 85-113, which allows taxable noncash fringe benefits provided to an employee in November and December to be reported in the following calendar year. Under this rule, the annual period for reporting the use of a club membership is November 1 of the prior year through October 31 of the current year.

Applicable income, social security, and Medicare taxes related to any personal use of a club membership reported by an employee will be withheld from the employee's December paycheck(s) by Payroll Services in the Office of Accounting and Business Services (ABS).

If the reported use of the membership is not primarily for University business purposes, the membership should be cancelled.

Entertainment Expenses

Business entertainment expenses incurred in connection with the use of a social club are reimbursable in accordance with the procedures in the **Travel and Entertainment Policy**.

Sponsored Projects and Other Restricted Funds

Sponsored project funds and other restricted funds may not be used to pay for monthly club dues or initiation fees unless specifically authorized in the contract or grant agreement or other document governing the use of the funds.

VIOLATIONS

A violation of any portion of this Policy may result in disciplinary action, up to and including termination of employment and/or legal action. In addition, an employee may be personally liable for any amount expended in violation of this Policy.
