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 included 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

Categories of Organizations

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).
- Membership to obtain office supplies and equipment (e.g., a discount office supplies store).
- Social clubs (e.g., airline, athletic, business, luncheon, sporting, and similar clubs).

See 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

<table>
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<tr>
<th>Type</th>
<th>Department</th>
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<tbody>
<tr>
<td>USF</td>
<td>Purchasing Card Policy</td>
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<tr>
<td>USF</td>
<td>Travel and Entertainment Policy</td>
</tr>
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</table>

DEFINITIONS

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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</thead>
<tbody>
<tr>
<td>Business Manager</td>
<td>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.</td>
</tr>
<tr>
<td>Business Purpose</td>
<td>Membership expenses that are in furtherance of the educational and research mission of the University.</td>
</tr>
<tr>
<td>Concur</td>
<td>The University’s on-line system for payment requests, expense reimbursements, cash advance requests, and reporting</td>
</tr>
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</table>
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

<table>
<thead>
<tr>
<th>Subject</th>
<th>Contact</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll Services</td>
<td>Gale Bettencourt</td>
<td>415.422.2535</td>
<td><a href="mailto:gbettencourt@usfca.edu">gbettencourt@usfca.edu</a></td>
</tr>
<tr>
<td>Tax Compliance</td>
<td>Dominic Daher</td>
<td>415.42525124</td>
<td><a href="mailto:dldaher@usfca.edu">dldaher@usfca.edu</a></td>
</tr>
<tr>
<td>ABS</td>
<td>Frank Wasilewski</td>
<td>415.422.2402</td>
<td><a href="mailto:fmwasilewski@usfca.edu">fmwasilewski@usfca.edu</a></td>
</tr>
<tr>
<td>Disbursement Services</td>
<td>Dennis Miller</td>
<td>415.422.2102</td>
<td><a href="mailto:millerd@usfca.edu">millerd@usfca.edu</a></td>
</tr>
<tr>
<td>Payment Request</td>
<td>Disbursement</td>
<td>415.422.6731</td>
<td><a href="mailto:ap@usfca.edu">ap@usfca.edu</a></td>
</tr>
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FORMS

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<tr>
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<th>Use</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment Request</td>
<td>Used to initiate payment requests in the Concur system.</td>
<td>ABS</td>
</tr>
<tr>
<td>Purchasing Card and Declining</td>
<td>Used to apply for a Purchasing Card.</td>
<td>ABS</td>
</tr>
<tr>
<td>Balance Card Application</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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 available for membership expenses.
- Obtains approval for membership expenses in accordance with this Policy and the Concur system.
- 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).

FREQUENTLY ASKED QUESTIONS

(N/A)

REVISION HISTORY

- **06/01/2016** Revised to include technical changes only.
- **04/12/2013** First publication of Policy.
APPENDICES

Appendix A - Annual Report of Club Membership Usage
Appendix B - Determination of Taxable Use of a Club Membership
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 any days of personal use of the club reported by the employee. Under Internal Revenue Service (IRS) regulations, employee membership dues applicable to the personal use of a club represent additional wages subject to withholding for income, social security, and Medicare taxes.

In order to withhold applicable taxes associated with any personal use of a club, the University has elected to use an IRS special accounting rule that allows an employer to treat a taxable benefit 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 by Payroll Services in the Office of Accounting and Business Services (ABS). In such cases, Internal Audit and Tax Compliance will send the employee a notice detailing the calculation of the taxable amount related to his or her personal use of the membership. See Appendix B.

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 contained 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.