



**INDEPENDENT
SECTOR**

GIFTS AND ENTERTAINMENT POLICY

As a charitable nonprofit organization committed to good governance and ethical practice, Independent Sector (IS) has a responsibility to maintain public trust and be an effective steward of charitable assets.

IS recognizes that the occasional offer or acceptance of a modest gift can make a valuable contribution to the development of good business relationships. But it can also create inappropriate influences. A gift should not place either party under an obligation or appears to do so.

I. OBJECTIVE

The objective of this Gifts and Entertainment Policy is to further IS's charitable mission by ensuring that: (i) those who incur business gift or entertainment expenses on behalf of IS act responsibly; (ii) representatives of IS act responsibly in accepting gifts, honoraria or entertainment; and (iii) IS complies with all applicable laws and regulations governing gift and entertainment expenses and the receipt of gifts, honoraria, meals and entertainment. The Internal Revenue Code and associated Regulations should be consulted for guidance concerning any offer or acceptance of gifts, entertainment, honoraria, meals, or the like that is not expressly covered in the Gifts and Entertainment Policy.

II. PERSONS COVERED

This policy covers any individual who incurs business gift or entertainment expenses on behalf of IS, regardless of whether the person is a director or board member, officer, employee, volunteer, consultant, independent contractor, or other party affiliated with IS (collectively referred to as "IS Representatives"). It also covers IS Representatives who may be offered gifts, honoraria, meals, or entertainment in their capacity as such.

III. GUIDANCE ON TYPES OF “GIFTS” OR BUSINESS COURTESIES

Independent Sector representatives are expected to exercise good judgment when accepting or offering “gifts.” IS representatives are encouraged to seek advise from their supervisor or designated ethics officer if they are uncertain whether giving or accepting a gift is consistent with this policy.

A. Accepting Gifts

1. Business Gifts

Business gifts, in this provision or section, is defined or refers to a physical present or item; i.e. vase, scarf, chocolates, flowers, et al.

- a. An IS representative may accept, in his or her individual capacity, a nominal gift that is clearly less than \$50 in value, even if the circumstances of the gift are related to the IS representative’s official duties.
- b. An IS representative may accept a gift based on an obvious family or personal relationship as long as the circumstances make it clear that the motivating factor for the gift is the family or personal relationship and not an IS business relationship.

2. Meals and Entertainment

For purposes of this Gifts and Entertainment Policy, “entertainment” includes the arrangement of activities, events, meals, refreshments, or similar items for individuals or entities that have a business relationship or potential business relationship with IS (collectively referred to as “IS Guests”). This Policy does not cover expenses for business meetings hosted by IS or events for IS representatives, such as employee morale-building events.

- a. An IS representative may accept business meals or business entertainment offered by a vendor, prospective vendor or other third party, if such meal or entertainment provides a means for facilitating IS business objectives and the value per person does not exceed \$75.
- b. An IS representative may not accept such a business meal or business entertainment if such acceptance would constitute or create the appearance of a conflict of interest.

3. Honorarium

For purposes of this policy, honorarium is defined as a payment of money or anything else of value made to person for services rendered for which fees cannot legally be or are not traditionally paid.

- a. An IS representative may accept on behalf of IS an honorarium or token from any party where the circumstances of the honorarium or token are related to the recipient’s official duties, provided that any payment is made directly to IS.

- b. An IS representative may not accept an honorarium or gift, either on behalf of IS or in his or her individual capacity, if such acceptance would constitute or create the appearance of a conflict of interest.

B. Giving Gifts

Gifts, meals, and entertainment may be given to others at Independent Sector's expense, if they meet all of the following criteria:

1. They are consistent with accepted business practices.
2. They are of sufficiently limited value and in a form that will not be construed as influencing an outcome.
3. They are not in violation of applicable law and generally accepted ethical standards.
4. In limited circumstances, it may be appropriate to provide business gifts in recognition of such occasions as outstanding achievements, to offer thanks, as get well wishes, or to acknowledge bereavement.
5. Any business gift shall always be presented on behalf of IS, not an individual.

IV. Approval of Expenditures for Business Gifts or Entertainment

A. Pursuant to the United States Internal Revenue Code (the "Code"), entertainment expenses are not treated as income to the individual receiving reimbursement only if the expenses are "ordinary" (common and accepted in your field of business), "necessary" (helpful and appropriate to your business) and not "lavish or extravagant" (reasonable under the circumstances), and are directly related to or associated with the conduct of business.

1. IS will reimburse for the actual cost of entertainment expenses only to the extent such expenses meet the requirements under the Code, are incurred under circumstances conducive to a business discussion, and are consistent with IS's values.
2. Participants at entertainment functions shall not include an IS representative's spouse, partner, child, or any other companion, unless the companion is also conducting business on behalf of IS and the companion's participation is approved in advance by the Chief Executive Officer or the Chief Executive Officer's designee.
3. Entertainment expenses incurred while traveling must follow the same guidelines as non-travel-related entertainment expenses.

B. Process

1. Prior Approval

All business gift or entertainment expenses must be approved in advance by the Chief Executive Officer or the Chief Executive Officer's designee, unless advance approval is impractical under the circumstances. It is the responsibility of the individual incurring the expense to obtain any necessary approval.

2. Documentation

Expenses will not be reimbursed unless the individual requesting reimbursement submits a written expense report in a form prescribed by IS. The expense report, which must include sufficient detail to identify the business purpose of the expense, the items acquired or services provided and each recipient of the gift or entertainment, must be submitted within thirty days after incurring the expense. An itemized original receipt must be submitted for each expense. If an original receipt is not available, the individual may submit alternative written proof of the expense, such as a bill, canceled check or, if nothing else is reasonably available, a written statement detailing the expense and the reason no receipt is available.

C. Expense Report Approval

IS will reimburse business gift or entertainment expenses only if the expense report is approved by the Chief Executive Officer or the Chief Executive Officer's designee, who is responsible for reviewing the expense report to ensure that only those expenses incurred in accordance with this Gifts and Entertainment Policy are reimbursed. It is the responsibility of the individual incurring the expense to submit the approved expense report to the Finance Department.

D. Use of Corporate Credit Card

IS provides a limited number of individuals with a corporate credit card to facilitate reimbursement of business expenses. The corporate credit card may be used as detailed in the corporate cardholder agreement for approved business gift or entertainment expenses, not for personal expenses or cash withdrawals. The individual incurring the expense must document expenses paid for using the corporate credit card in the same manner as any other expense.

Approved 2011

Amended by the IS Board of Directors – June 24 2021