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# CHAPTER PURCHASES OF GIFT CARDS

SECTION: CHAPTER FINANCES  
DATE OF ORIGIN: JANUARY 2011  
REVISED:  
REAFFIRMED:

POLICY No: CF-23

## PURPOSE

To establish the required guidelines for the chapter's purchase of gift cards.

## POLICY

SGMP chapters are allowed to offer gift cards to members as awards or recognition (such as membership drives, chapter contests, committee involvement, etc.). Each member is only eligible to receive up to \$25 per fiscal year. The chapter treasurer and chapter president must sign the SGMP gift card form at the time the gift card is purchased. That form must then be attached to the gift card and the member must sign it when it is received. A copy of that completed form must then be attached to the monthly financial report and submitted to SGMP headquarters for the month that the gift card was purchased.

The member who receives the gift card must sign-off on the form once they take possession of the gift card. The form with the member's signature must be submitted with the financial documents in the month that the member takes possession of the gift card.

This policy is based upon the private inurement doctrine:

The doctrine of private inurement prohibits a tax-exempt organization from using its assets to benefit any individual or entity that has a close relationship to the organization (such as a director, officer, key employee), or other "insider" (such as members, volunteers and sponsors). The issue of private inurement often arises when an organization pays unreasonable compensation (more than the value of the services) to an insider, but the inurement prohibition is designed to reach any transaction through which an insider unduly benefits, either directly or indirectly, from his or her position in an organization using tax-exempt funds or assets.

Historically, the only sanction for a private inurement violation was revocation of the organization's tax exempt status. However, the intermediate sanctions rules enacted in 1996 permit the IRS to impose an excise tax on individuals who improperly benefit from transactions using assets of a non-profit organization when that benefit does not conform to the non-profits primary mission. Also the managers of the organization who approved the benefit may also be assessed the excise tax.



## Chapter Purchases of Gift Cards Form [CF-23]

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**The following gift card has been purchased with chapter funds:**

\_\_\_\_\_  
(Type of Gift Card and Last Four Digits)

**SIGNED:** \_\_\_\_\_ **DATE:** \_\_\_\_\_  
Chapter Treasurer

**SIGNED:** \_\_\_\_\_ **DATE:** \_\_\_\_\_  
Chapter President

**The gift card was received by chapter member:** \_\_\_\_\_

**SIGNED:** \_\_\_\_\_ **DATE:** \_\_\_\_\_  
Chapter Member