**Context Cover Letter**

The attached documents are intended to assist CBOs in creating general gift card policies and procedures, provide some practical guidance in creating and implementing them, and provide specific information regarding gift card restrictions for the OHA Public Health Equity.

Aspects of the gift card policies and procedures are based on other, existing policies that CBOs should already have in place. These include expense procedures and petty cash procedures

**Gift Card Policy and Procedures**

***Template***

**Purpose**

The purpose of this document is to outline the policies and procedures for the purchase and distribution of gift cards purchased by [Enter CBO name].

**Policy**

*{Gift cards are unique in that they are considered a cash item. This means your cash handling processes and procedures need to be followed. If your organization does not have cash handling or petty cash policy, you will want to develop one.}*

Gift cards will be used when practical and necessary to carryout program activities and not as payment to vendors for services or employees for their work.

The IRS requires aggregate payments of $600 or more made to individuals or companies for rents, services, prizes, and awards, during a calendar year to be reported on Form 1099. Gift cards are included in this requirement. [Enter CBO name]’s procedures for obtaining a W-9 will be followed for individuals or companies that will receive $600 or more during a calendar year.

*{The tracking process for gift cards is important to be able to meet this IRS standard.}*

Gift cards purchased using grant or contract funding must follow limitations and requirements outlined in the contract or grant agreement.

*{If gift cards are purchased using grant funds but are unused at the end of the grant period, the funder may require the cash equivalent of the remaining gift cards to be refunded to them.}*

**Procedures**

Purchasing

Purchasing gift cards will follow [enter CBO name]’s expenditure procedures. The number of gift cards purchased will vary, depending on the purpose and underlying funder requirements, if any.

*[If you do not have expenditure (accounts payable) policies procedures, you will want to create one. This should include approval by the staff member authorized to approve purchases, a receipt for the gift cards clearly indicating the number of gift cards, their individual face value, and the total spent.]*

Gift Card Storage

Gift cards will always be kept in a locked cabinet to prevent loss and theft. Access to the key will be limited to the staff member responsible for safekeeping of the gift cards.

*[This procedure should be the same as the procedure as petty cash storage and storage of blank checks.]*

Gift Card Distribution Tracking

Gift cards will be tracked using the Gift Card Tracker spreadsheet.

The person responsible for the safekeeping of the gift cards will fill in the date of purchase, vendor, type of card, gift card amount, and serial number when the gift cards are purchased on the Gift Card Tracker spreadsheet.

*[If this document is kept on a shared drive, specify the exact location here.]*

Staff will request gift cards when needed and complete the recipient’s name, the name of the staff distributing the gift card, and event/purpose on the Gift Card Tracker spreadsheet.

Fiscal Recordkeeping

Gift cards are equivalent to cash and will be recorded as an asset when purchased. As gift cards are distributed, they will be recorded as an expense.

*[Gift cards should show on your Balance Sheet similarly to petty cash or a bank account (asset). As the cards are distributed, they will move from an asset to an expense on the Profit and Loss. This is similar to how money in a checking account is moved from an asset to an expense when a check is written.]*

*[Funders will likely allow the reimbursement or reporting of the full gift card purchase even if all the gift cards have not been distributed. Confirm this is the case with each funder.]*

Reconciliation

The person responsible for reconciling accounts each month will also reconcile the gift card asset account in the financial software as well as confirm that the number of gift cards remaining match the Gift Card Tracker. If there is a discrepancy, immediate action will be taken to determine the reason for the inaccuracy.

Unused Gift Cards

The cash equivalent of gift cards that have not been distributed at the end of a contract or grant and have been expensed to that contract or grant will be returned to the funder if required.

*[Generally, funders will prefer not to have the gift cards themselves returned, but the funds instead.]*

**Oregon Health Authority Health Equity Grant**

**Gift Card Guidelines**

These guidelines are not meant to be a part of a CBO’s policies and procedures but to provide information on limitations and requirements for gift cards purchased using funds from the OHA Health Equity grant.

* Gift cards used as incentives may not value more than $100 total per individual, per event.
* CBOs may not use more than $10,000 in gift cards for incentives.
* Gift cards used as part of an approved program plan, and not as incentives, are not subject to the $100 or the $10,000 limit. However, they are subject to the specifics of the approved plan.
* Gift cards may be issued by Visa, Mastercard, or individual retailers.
* Gift card may not be used for alcohol, tobacco, or firearms
* The cash equivalent of unused gift cards expensed to this grant will need to be returned to OHA at the end of the grant period.

If you have questions about gift cards, please contact your Community Engagement Coordinator (CEC).