

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. COMPENSATORY PAYMENTS AND LOANS GUIDELINES

Payments to Independent Contractors:

An independent contractor is an individual who has provided services to the University or Foundation and who is *not employed* by the University. In order to pay an independent contractor for services rendered, the contractor must submit a bill/invoice and a signed vendor application along with the W-9 form which can be found at the following website: http://finance.fiu.edu/purchasing/2vendor_forms.html . If more than \$600 is paid to the independent contractor during a calendar year, the independent contractor will receive an IRS Form 1099 as required by the Internal Revenue Service.

An independent contractor should not be paid directly by any University personnel with the intent of later seeking reimbursement from the Foundation. In order to properly account for payments to independent contractors and prepare and remit 1099's as required, all payments must be made by the Foundation directly to the independent contractor. Any University personnel that assumes the responsibility of making those payments directly will not be reimbursed by the Foundation.

A university employee cannot be contracted and paid as an independent contractor through the Foundation. Employees providing additional services must be paid through the University to assure that all income is included on the employees' W-2. Funds may be transferred from the Foundation to the University to cover those payments.

If a University student is hired to provide services as an independent contractor, the department must obtain written approval from the University's Financial Aid office to pay the student for services rendered. Approval is necessary to ensure that the contracted student does not have any 'income restrictions' (i.e. outstanding loans, restricted scholarships etc.). The approval must be attached to the Foundation Invoice submitted for processing the payment. If the student is not on University Payroll a W9 form is required. If the student is receiving a non taxable business expense reimbursement an expense report must be completed via the Travel and Expense Module . The student will receive an Electronic Funds Transfer if the student has set up their banking information, otherwise a check will be mailed.

Payments to Nonresident Aliens:

Payments to nonresident aliens are subject to numerous statutes and regulations. Due to the complexity of international treaties, all payments to a nonresident alien must be processed through the University to ensure compliance with all IRS regulations and federal laws. The Foundation cannot make payments to a nonresident alien, for any reason, including cash advances, fees for services or reimbursement of expenses. Funds may be transferred from the Foundation to the University to cover those payments.

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Scholarships and Awards:

Scholarships granted to students of Florida International University will be paid to the student through the University's Financial Aid office. Because the Foundation does not have access to student records, no financial aid will be paid directly to a student from the Foundation. Funds may be transferred from the Foundation to the University to cover awarded scholarships.

To request scholarship funds, a Foundation Invoice must be completed, noting in the description section, the name(s) and student identification number(s) of the student(s) being awarded the scholarship. In addition, a copy of the *Notice of Institutional Award* form submitted to Financial Aid must be attached to the invoice. This form can be found on the Foundation website under the online forms link. It is the initiating department's responsibility to follow up with any other requirements of the University to ensure that transferred funds are properly deposited in the University and subsequently awarded.

Monetary awards may be granted for such things as competitions, scholarly works, and service awards. Monetary awards to students may be paid directly from the Foundation as long as the department obtains written approval from the University's Financial Aid office to pay the student a monetary award. Approval is necessary to ensure that the contracted student does not have any 'income restrictions' (i.e. outstanding loans, restricted scholarships etc.). In addition to the approval, the student should complete and sign the IRS Form W-9. The W-9, along with the approval, must be attached to the Foundation Invoice. Any Invoice that does not include these required attachments will be returned unpaid. If a student receives more than \$600 in monetary awards in any given calendar year, the student will be issued an IRS Form 1099.

Monetary awards to employees and student employees will be treated as additional taxable income. No monetary award will be paid directly to a University employee or student on payroll from the Foundation. Funds may be transferred to the University from the Foundation to cover the monetary award. This is to ensure that the monetary award is included in the employees W-2 issued by the University.

Emergency Employee Loans:

The University Credit Union has entered into an agreement with the FIU Foundation to provide low cost signature loans to University employees, approved in advance by the Foundation, for emergency cases, such as severe losses resulting from a hurricane. Please refer to the approved *Emergency Employee Loans Policy* for further guidance.