



## Randolph Community College Foundation Inc.

### Reimbursement of Business Expenses

#### **Purpose:**

To describe, in accordance with Internal Revenue Code (the "Code") guidelines, the circumstances and procedures under which employees, officers, directors and volunteers ("Participants") of the Randolph Community College Foundation (the "Foundation") may be reimbursed for business expenses, including business expenses charged on the Foundation's credit card.

#### **Policy:**

1. Payments made under an "accountable plan" are not required to be reported as compensation to the Participant. Under Code Section 62, an accountable plan is any reimbursement or other expense allowance arrangement that: provides advances, allowances or reimbursements of a Participant's business expenses paid or incurred in the performance of services; requires the Participant to submit information to the Foundation sufficient to satisfy the "adequate accounting rules" with respect to travel, entertainment, business gifts, or use of listed property; and requires that a Participant return to the Foundation within a reasonable time the amount of the reimbursement or allowance that exceeds the substantiated expenses.
2. The Foundation will reimburse a Participant for business expenses that are paid or incurred by the Participant in connection with the performance of services on behalf of the Foundation. The Foundation may provide these payments in the form of advances, allowances (including per diem allowances, allowances for meals and incidental expenses, and mileage allowances), or reimbursements. All expenses reimbursed under the Policy must otherwise qualify as itemized deductions. A non-inclusive list of expenses that will not be reimbursed by the Foundation is attached as Appendix A.
3. In order to prevent such advances, allowances or reimbursement from being included in taxable wages, the Participant must provide an adequate accounting to the Foundation for the expenses within a reasonable period of time in the form of an *Expense Voucher*, or similar substantiation of expenses. This *Expense Voucher* or similar substantiation must be submitted within 60 days after the expenses are paid or incurred. The *Expense Voucher* or similar substantiation must include sufficient information with respect to each expenditure to allow the Foundation to identify the nature of the expense and to conclude that the expense is attributable to business activities.
4. Generally, substantiation of travel expenses requires information sufficient to substantiate the amount, time, place and business purpose of the travel expense. The Participant must provide documentary evidence (a receipt) for any expenditure. The documents must establish all the necessary elements required for substantiation of the type of expense.

5. For example, substantiation of entertainment and meal expenses require the following elements:
  - a. Amount;
  - b. Date;
  - c. Place (name and address or location) and type of entertainment or meal.
  - d. Reason for entertainment or the business purpose and the nature of the business benefit expected to be gained;
  - e. Business relationship to the taxpayer of the persons at the entertainment or meal (name, occupation, title); and
  - f. Presence of the taxpayer or a Participant at the business meal.
6. The Participant must return any amounts received from the Foundation in excess of the substantiated expenses within 120 days of when the expense is paid or incurred. If a Participant fails to return amounts in excess of the substantiated amounts within 120 days, only the amounts not in excess of the substantiated amounts are excludable from gross income. The unsubstantiated amounts are considered gross income subject to withholding and must be reported on Form W-2.
7. Expense arrangements not made under the Foundation's accountable plan as described in this Policy are to be reported as additional wages to the Participant.
8. The attached *Expense Voucher* is designed to meet the objectives of this Policy and to fulfill the "adequate accounting" rules of Code Section 62.

## **Appendix A**

### **Examples of Non-Reimbursable Expenses**

1. Travel insurance.
2. First class tickets or upgrades.
3. Limousine travel (unless cost is less than taxi).
4. Hotel movies or mini-bar costs.
5. Membership dues at any country club, private club, athletic club, golf club, tennis club or similar recreational organization.
6. Purchase of golf clubs or any other sporting equipment.
7. Spa or exercise charges.
8. Clothing purchases.
9. Business conferences and entertainment which are not approved by the Foundation.
10. Valet service (unless self parking not available).
11. Expenses for spouses, friends, or relatives. If a spouse, friend or relative accompanies the Participant on a trip, it is the responsibility of the Participant to determine any added cost for double occupancy and related expenses and to make the appropriate adjustment in the reimbursement request.
12. Pet care expenses.
13. Barbers, hairdressers, toiletry items, health club fees, prescriptions and non-prescription medications.
14. Expenses related to lost or stolen items.
15. Telephone calls that are non-business related.
16. Traffic citations, parking tickets and other fines.

**Randolph Community College Foundation**  
**Expense Voucher**

This voucher is to be completed when you are claiming reimbursement for business expenses paid or incurred in the performance of your services on behalf of the Foundation. The information in this report is intended to comply with the substantiation requirements under the rules of Section 274 of the Internal Revenue Code.

<b>Participant Information</b>	
Participant Name	Participant Social Security Number
Department	Date Submitted

<b>Substantiation of Expense</b>	
<b>Place</b>	<b>Date(s) and Time(s)</b>
<b>Amount</b>	
Airfare:	
Mileage/Ground:	
Lodging:	
Meals:	
Other:	
Total:	
<b>Business Purpose</b>	
<b>Additional Comments</b>	

<b>Signature and Dates</b>		
Requestor's Name	Requestor's Signature	Date
Approver's Name	Approver's Signature	Date