

**COLLEGE OF CHARLESTON FOUNDATION
EXPENSE REIMBURSEMENT POLICY**

**College of Charleston Foundation
Policies and Procedures
May 11, 2009**

The College of Charleston Foundation is a non-profit corporation that operates within the provisions of Sections 501(c)(3), and 509(a)(3) of the Internal Revenue Code of 1986, as amended. The mission of the College of Charleston Foundation (Foundation) is to support the College of Charleston (College) in all of its educational, research, instructional, scientific, literary, service, charitable, and outreach endeavors. The Foundation is committed to lawful and ethical behavior in all of its activities and requires that its directors, employees, and consultants conduct themselves in a manner that complies with all applicable laws and policies. The Foundation has a fiduciary responsibility for protecting its resources and spending its funds in accordance with the gift agreements signed by donors.

ACCOUNTS PAYABLE

General Information

The Foundation has a fiduciary responsibility to ensure that all expenditures comply with donor imposed restrictions, do not jeopardize the financial or tax-exempt status of the Foundation, and are prudent uses of the resources of the Foundation.

The College of Charleston Foundation uses an accountable plan for reimbursements based on guidelines set by the Internal Revenue Service (see Publication 15) with the following three requirements:

1. There must be a business connection and the expense must be reasonable. This means that we must have an explanation of the business purpose for the expense.
2. There must be reasonable accounting for the expense. Original statements, invoices and receipts are preferred for reimbursement. Handwritten receipts/invoices must contain the vendor's name, address, and signature. Faxed copies of invoices are acceptable. Other documentation required includes the time, date, location, and a list of attendees for a meal reimbursement. Requests lacking the required documentation will not be processed until completed.
3. All reimbursements must be repaid in a reasonable time. Requests for reimbursement should be made in a timely manner, not to exceed **90 (IRS states 60 days for travel reimbursement)** days from the date of the expense. Payment of expenses in advance of an event, such as conference registrations, deposits, etc. will be made only to business and organizations, not individuals, and not more than **120 (or 90?) days** in advance of the event. Payments to individuals for performing services will not be issued until the services have been performed or delivered. are not to be made in advance of the service to ensure completion.

College departments may submit to the Foundation a Check Request Form, including such attachments as may be necessary. All requests shall be properly completed and signed before

payment is considered by the Foundation. Any reimbursement spending policy not specifically addressed herein shall follow the spending policy of the College.

Generally, Check Request Forms received on Mondays by 5:00 PM will be processed by Friday afternoon of that same week. Incomplete reimbursement requests will not be processed for payment and any unresolved issues will cause a delay in payment. Holidays or technical difficulties may alter this schedule.

All Check Request Forms must be signed by an authorized signer for that Foundation account being charged. based on the A Signature Authorization Form or Restricted Account Authorization form is required to be on file in the Foundation office. An authorized usersigner may not sign for his or her own reimbursement and must have the signature of further approval from his/her supervisor.

Alcohol Purchases

The Foundation will pay for alcohol purchased in conjunction with meals and entertainment. In compliance with South Carolina law, the alcohol can be served only to persons of legal drinking age. It is the responsibility of the department making the purchase to ensure that the alcohol is not served in any illegal manner.

While the amounts should generally be much lower, the dollar amount of requested reimbursement for alcohol consumption should not exceed \$25.00 per person per meal (including tax and gratuity).

Automobile Expense Reimbursement

The Foundation reimburses automobile expenses on a standard mileage rate basis only. Please see "Mileage" for more information.

Awards

Prizes and awards are amounts received primarily in recognition of religious, charitable, scientific, educational, artistic, literary, or civic achievement, or are received as the result of entering a contest. Faculty, staff, or student awards may be processed through the College in accordance with its policies and procedures. The Foundation will also issue payment for an award or prize as long as it is **not** compensation for additional work performed or for additional responsibilities.

Awards are normally taxable as other income to the recipient and subject to reporting on IRS form 1099. Therefore it is required that the Foundation has a valid address and social security number for the person being given the award. In addition, prizes or awards paid to students must be reported to the Financial Aid Office. It is the responsibility of the requestor to make this notification.

Books & Periodicals and Other Information Materials

Books, periodicals and other information materials purchased with Foundation funds will become the property of the College or Foundation. The department initiating the purchase is responsible for properly safeguarding all assets purchased with Foundation funds. Assets

purchased with Foundation funds are not the property of any individual. All items purchased with Foundation funds must be shipped to a College address.

Catering Services

All catering services for on-campus events will be provided by the College's contracted caterer (currently Aramark). Aramark will bill the Foundation directly for these services. The Aramark invoice or estimate must be submitted to the Foundation for approval prior to the event.

A Check Request for off-campus catering services must contain the social security number or the Federal Tax Identification Number (FEIN) of the caterer. The Foundation will issue IRS Form 1099 to all caterers, as applicable.

Cellular Telephone Charges

Due to the record-keeping requirements imposed by the IRC 274, the Foundation is unable to reimburse College employees for cellular telephone service and charges. The Foundation is able to reimburse the College for expenses related to College-owned phones.

Computer, Computer Accessories or Software

Computer equipment, accessories and/or software purchased with Foundation funds will become the property of the College or Foundation. The department initiating the purchase is responsible for properly safeguarding all assets purchased with Foundation funds. Assets purchased with Foundation funds are not the property of any individual. All items purchased with Foundation funds must be shipped to a College address.

Contractual Services

Contractual service payments cannot be made to College employees or students. Contractual payments cannot be made directly by the Foundation if there is an employee/employer relationship. Payments of this nature must be made through the College in order for the applicable tax to be withheld. A department may charge the cost directly to their Foundation account by recording the account number on the appropriate College form and routing to the Foundation as part of the approval process.

All contractual service payments to non-College persons require a social security number or Federal Tax Identification Number which is reported to the Foundation on the Non-State PayNon-State Pay Form available from the Foundation office. Payments to individuals must include the address of their permanent residence. The Foundation shall provide an IRS Form 1099 to the requisite parties as applicable.

Donations

Gifts to charitable organizations made as memorial contributions are not reimbursable to individuals. However, the Foundation will issue a check directly to a charitable organization as a memorial gift upon receipt of a completed Check Request Form. The limit on memorial gift requests shall be \$75..00.

The purchase of tickets to a charity's fund raising dinner/gala is permissible if it is related to the employee's College responsibilities. The representative/employee is permitted to bring a spouse or guest. The cost of the ticket for the spouse or guest may not exceed \$75.00.

The Foundation was established for the **exclusive** support of the College of Charleston, and is therefore prohibited from issuing tax receipts for gifts to other charitable organizations. College groups or student organizations who are actively soliciting donations for an outside charity must work with and direct the donations directly to that charity. The Foundation is not able to process the transactions from a solicitation or event benefitting an outside charity and then issue a check to the outside charity. Questions regarding a planned event and whether related transactions may be processed through the Foundation should be directed to Crystal Mead, Senior Accountant, at the College of Charleston Foundation at (843) 953-5780 or via email at meadc@cofc.edu.

Dues

Dues to professional organizations can be paid by the Foundation if the membership is reasonable and justifiable and provides a benefit to the College. Memberships to social organizations or clubs (Harbor Club, etc.) can be paid with Foundation funds for a Dean or Vice-President with approval from the President's or Provost's office. The Foundation will issue a 1099 to the Dean or Vice-President for the payments per IRS regulations.

Memberships to discount shopping organizations (Sam's, etc.) must be in the name of the College or Department and can be used for College business only. These memberships would be required to run through the College Procurement Office and will not be paid by the Foundation.

Fines

The Foundation does not reimburse fines for moving or non-moving violations (ex. parking tickets).

Flowers

The maximum reimbursement levels for flowers are as follows:

- 1) Hospitalizations and funerals - \$75.00 (including tax and delivery). Flowers may be sent to employees of the College and their immediate family members for hospitalizations and funerals.)
- 2) Donor recognition/appreciation - \$75.00 (including tax and delivery).
- 3) Event flowers (i.e., banquets, ceremonies, graduation) - may exceed \$75.00, but must be reasonable in cost for the event.
- 4) Flowers for employee recognition (birthday, promotion, etc.) are limited to \$75.00.

Food

See "Meals".

Foreign Currency

When claiming reimbursement for expenses that are in a foreign currency, the Check Request should be completed in U.S. dollars and the rate of exchange must be documented. (Provide a copy of exchange rate document - recommended site for currency exchange rates is www.oanda.com.) Rate of exchange must be calculated based on the date the expense was charged.

Foreign Nationals

The Foundation does not issue any compensation payments (i.e., honoraria/contractual services) directly to foreign nationals. Visiting foreign nationals are paid through the College, as cleared by the Payroll Department. Foundation can reimburse College departmental funds for expenses related to foreign nationals after the payments are processed through the College.

Gifts

The cost of gifts paid with Foundation funds cannot exceed **\$75.00**. Please note the maximum reimbursement level for a business gift to an individual for purposes of special recognition is \$25.00 per IRS Publication 463. Gifts in excess of that amount are considered income to the individual. IRS policy dictates that a business gift to an individual's spouse is considered an indirect gift to the individual; therefore, it is not counted separately when applying the \$25 limit. Incidental costs, such as engraving, mailing or gift-wrapping that do not add to the value of the gift are not considered in determining the cost of a gift for purposes of the \$25 rule.

The Foundation will not issue checks as gifts to employees. Items that cost \$4 or less and bear the College/department name or logo are not considered gifts for the purposes of the \$25 limit. Examples include pens, bookmarks, key chains, etc.

The maximum reimbursement level for a business gift to an individual for purposes of special recognition is \$25.00 per IRS Publication 463. IRS policy dictates that a business gift to an individual's spouse is considered an indirect gift to the individual; therefore, it is not counted separately when applying the \$25 limit. Incidental costs, such as engraving, mailing or gift-wrapping that do not add to the value of the gift are not considered in determining the cost of a gift for purposes of the \$25 rule.

The Foundation will not issue checks as gifts to employees. Items that cost \$4 or less and bear the College/department name or logo are not considered gifts for the purposes of the \$25 limit. Examples include pens, bookmarks, key chains, etc.

Honoraria

Honoraria are given to show appreciation to a guest lecturer. Honoraria cannot be made to College employees. Honoraria are taxable as other income to the recipient and subject to reporting on IRS form 1099. Therefore it is required that the Foundation has a valid address and social security number for the person being given the honorarium. .

The Foundation Non-State Pay Form should be completed and attached to the Check Request Form submitted to the Foundation.

The Foundation does not issue any compensation payments (i.e., honoraria/contractual services) directly to foreign nationals. Visiting foreign nationals are paid through the College, as cleared by the Payroll Department (see “Foreign Nationals, above). The Foundation can reimburse College departmental funds for expenses related to foreign nationals after the payments are processed through the College.

Hotel

No reimbursement for overnight accommodations will be made within fifty (50) miles of the employee’s official headquarters and/or residence. Reimbursements should be based on the single-occupancy rate. Charges for personal expenses incurred during a hotel stay (in-room movies, dry cleaning, etc.) are not reimbursable by the Foundation.

House Hunting Expenses

See Recruitment Expenses.

Late Fees

Late Fees/Rebiling charges will not be paid with Foundation funds.

License Fees

The Foundation can pay professional license fees for individuals when the license enhances the business purpose of the College (i.e. South Carolina Bar Association license fees, Certified Public Accountant license fees, etc.).

Luncheons

See “Parties/Luncheons/Receptions”

Meal Expense

Requests for reimbursement of meals/business cultivation expenses must include the time, date and location of the event, the business purpose of the event and a list containing the name and title (or other designation sufficient to establish the business relationship) of each attendee(s) per IRS Publication 463.

The maximum reimbursement level for a meal (including alcohol) is \$75.00 per person. The dollar amount of requested reimbursement for alcohol consumption should not exceed \$25.00 per person per meal. Please see “Alcohol” for further restrictions on alcohol purchases. Note: The College’s standards for meal reimbursement from state funds may differ from the Foundation’s policy. Consult the Controller’s office regarding College policy.

The Foundation will only reimburse meal expenses based upon actual receipts. The Foundation does not pay a per diem rate.

Mileage

The Foundation uses the standard mileage rate as set forth by the Internal Revenue Service for the reimbursement of vehicle expenses. Actual charges for repairs, maintenance, or gasoline used in a personal vehicle are not reimbursable. A lower reimbursement level may

be set for specific colleges or departments as deemed necessary by the Dean or Department Chair. The Foundation will not reimburse for the use of a personal car within 10 miles of an employee's official headquarters and/or place of residence.

If a privately owned vehicle is used on official College business and an accident occurs, the operator's insurance is responsible for payment up to the maximum liability. Afterwards, the College's insurance will pay up to the College's maximum liability. The Foundation will not pay deductibles associated with insurance claims as a result of the use of a privately owned vehicle.

The Foundation will reimburse charges for gasoline only when its use is associated with a rental car. In accordance with IRS rules regarding accountable travel reimbursement plans, reimbursement for gasoline used in an employee's personal vehicle will be made using mileage reimbursement only as stated above.

Moving Expense

See Recruitment Expenses.

Parking Reimbursement

The Foundation will not reimburse College employees for on-campus parking costs in accordance with IRS regulations regarding qualified transportation fringe benefits in IRC 132. Parking costs for guests of the College can be reimbursed if documentation of the cost is provided.

Parties/Luncheons/Receptions

Holiday parties, luncheons and receptions are reimbursable at the following rates:

- 1) Events involving primarily College of Charleston faculty, staff and/or students: reimbursement rate should not exceed \$25.00 per person;
- 2) Events aimed primarily at outside constituents such as alumni and prospective donors: reimbursement rate should not exceed \$75.00 per person.
- 3) Note policies relating to alcohol purchases under "Alcohol".

When room costs for functions are charged, the room charge will be treated as a separate item and does not have to be factored into the food costs noted above.

All payment requests for holiday parties/luncheons/receptions should include the approximate number and classification of attendees on the form (i.e., alumni, donors, public, faculty/staff or students, etc.).

Per Diem

The Foundation does not pay a per diem rate for meal or travel expenses. Please see "Meals" or "Travel expenses."

Personal Expenses

No reimbursements are allowed for expenditures of a personal nature. The Internal Revenue

Service guidelines of reasonable and necessary business expenses are utilized in all cases of determination of appropriate reimbursements.

Political Activity

The College of Charleston Foundation does not engage in political activity and does not permit its resources to be used to support political activity pursuant to the Internal Revenue Code. Examples of political activity include making campaign contributions or paying to attend fundraisers for candidates.

Purchases – Equipment/Software/Books

Assets purchased with Foundation funds will become the property of the College or the Foundation. The department initiating the purchase is responsible for properly safeguarding all assets purchased with Foundation funds. Assets purchased with Foundation funds are not the property of any individual. All items purchased with Foundation funds should be shipped to a College address.

Receptions

See “Parties/Luncheons/Receptions”.

Recruitment Expenses

Deductible Relocation Expenses for employees must be processed through the College. The Foundation cannot issue checks for direct reimbursement of moving of new or other deductible relocation expenses. The IRS defines deductible moving expenses as the reasonable expenses of moving household goods and personal effects (including in-transit storage expenses not to exceed 30 days) and travel expenses to the new home (including lodging and mileage but not meals).

Non-deductible moving expenses include, but are not limited to: meals, security deposits, pre-move house hunting expenses, and temporary living expenses. These expenses are reported as taxable income in box 1 of a W-2 Form. Payment of non-deductible recruitment or relocation expenses must be approved by the Provost and the Director of Human Resources. Any related check requests must be submitted to the Foundation no later than December 31 of the applicable tax year and in adherence to the guidelines set forth in this policy regarding timely submission of reimbursement requests.

Scholarships

Per Title IV of the Higher Education Act of 1965, the College signs a participation agreement that requires the coordination and communication of all aid awarded to a student. For this reason, the Foundation requires scholarships to be awarded through the College’s Office of Financial Aid. The College subsequently invoices the Foundation for any scholarships funded via Foundation Accounts [for example, endowments and other restricted funds].

State Employees

All payments for services or honoraria for state employees must be paid through the College in accordance with its policies and procedures.

Temporary Student Workers:

If a department wishes to hire a student, they may use Foundation funds to cover the cost; however, the student will need to be paid through the College payroll system. Please contact the Student Employment Programs Coordinator in the College's Career Services Department for more information.

Tickets for Events

Tickets purchased using Foundation funds are to be used only for donor cultivation. Accordingly, tickets may be provided to prospective donors and invited guests of the College and their immediate family. Use of tickets by College employees is prohibited except when the employee is accompanying a prospective donor or invited College guest. Use of tickets by family or friends of College employees is strictly prohibited.

A list of attendees, including both the name and title (or other designation sufficient to establish the business relationship) of the attendee(s), should be provided to the Foundation with the Check Request Form.

Travel

A traveler on official business will exercise the same care in incurring expenses and accomplishing an assignment that a prudent person would exercise if traveling on personal business. Circuitous routes, First Class airfare, excess costs, circuitous routes, delays or luxury accommodations, unnecessary or unjustified in the performance of an assignment, are not considered exercising prudence. Personal items purchased while traveling are not reimbursable travel expenses. Personal items purchased while traveling are not reimbursable travel expenses.

Payments to individuals for reimbursement of travel expenses will be made only after the travel has occurred. Reimbursement to individuals cannot be made in advance. Requests for reimbursement must be made within 60 days after the travel has occurred in accordance with IRS policy for accountable reimbursement plans.

The Foundation may reimburse travel expenses for spouses or family members with the appropriate Dean or Executive Vice-President's approval. Such reimbursements are taxable to the recipient and will be subject to reporting on IRS Form 1099. These reimbursements will also be disclosed on the IRS Form 990 (a public document) if required by IRS regulations.

Air travel should be via coach class in almost all cases. First class travel is permitted only under special circumstances such as an unusually long flight or a passenger's physical limitations and requires advance approval from both a Dean or Executive Vice-President **and** the Foundation. First class travel will be reported on IRS Form 990 if required.

No reimbursement for overnight accommodations will be made within fifty (50) miles of the employee's official headquarters and/or residence.

Meal expenses incurred while traveling are will be reimbursed based upon actual receipts. The Foundation does not pay a per diem rate.

When claiming reimbursement for travel expenses that are in a foreign currency, the Check Request Form should be completed in U.S. dollars and the rate of exchange must be documented. (Provide a copy of exchange rate document - recommended site for currency exchange rates is www.oanda.com.) Rate of exchange must be calculated based on the date the expense was charged.

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