

## EXPENSE REIMBURSEMENT POLICY

### THE ARIZONA SPORTS FOUNDATION dba THE FIESTA BOWL

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#### Mission Statement:

To stage annually the top college football bowl games in the nation, and to assist the cause of higher education with the highest university payments possible.

To have the people of Arizona host the most comprehensive pageant of community activities in the United States.

To be Arizona's leading outlet for year-round sports and pageantry-related volunteer participation.

To give companies and organizations unique opportunities for involvement in supporting our efforts.

To be financially sound and to contribute strongly and regularly to the State's economic development and to higher education nationwide.

To be a source of national pride for all Arizonans.

To fully comply with all legal requirements in promoting the not-for-profit, charitable and business purposes of the Foundation.

#### Purpose:

To establish standards for reimbursing business travel and entertainment expenditures and other expenses incurred by directors, officers, employees, consultants and any other third parties on behalf of the Foundation (generally, "expenses"). Only expenses actually incurred in compliance with this Policy and for which employees and agents of the Foundation certify further the charitable purposes of the Foundation will be reimbursed. Otherwise, the person incurring the expense remains solely responsible for the expense.

#### Policy:

As a non-profit organization, it is imperative we maintain controls and policies over expenses incurred in the conduct of our business to achieve the charitable purposes of the Foundation. A primary condition in maintaining our non-profit status is that expenses are not used as a means to distribute compensation to employees. The Foundation will not tolerate use of reimbursement of expenses for personal gain of the Foundation's employees and agents.

While entertainment is certainly a necessary and important aspect of our business, employees shall be reimbursed for reasonable and customary entertainment expenses incurred on behalf of the Foundation. Employees should neither lose nor gain financially when incurring business-related expenses as long as those expenses further the charitable purposes of the Foundation.

Reimbursements are subject to examination by the Internal Revenue Service ("IRS"). To the extent that such reimbursed expenses are found lavish or extravagant, improperly documented as to business purpose

consistent with the Foundation's charitable purposes, improperly accounted for or not in conformity with IRS deductibility guidelines, such reimbursed expenses could be disallowed and be considered "compensation" to the employee. The responsibility for satisfying the IRS that such expenses are for business purposes rests with the employee. Nevertheless, the Foundation will not reimburse any expense unless the employee or agent certifies under Arizona law that the expense was actually incurred and furthers the charitable purposes of the Foundation.

Submitting a false expense report or violating Foundation expense policies may result in expenses not being reimbursed and may lead to corrective action up to and including termination.  
Reimbursable Expenses

Unless specifically approved or ratified by the Foundation, only expenses falling into the categories below will be reimbursed.

### **Travel and Travel-Related Expenses:**

The Foundation's objective is to ensure safe, convenient, comfortable and affordable travel and accommodations for all occasions when business travel is deemed necessary and appropriate.

#### ***Air Travel:***

When making air travel arrangements, business travelers are required to select the lowest practical airfare. In addition, the following air travel parameters have been established:

- Booking travel outside of an approved on-line booking tool is not permitted. On-line booking tools will be approved by the Chief Operating Officer (or, if in existence, the Chief Financial Officer).
- The class of ticket selected must be coach class for all domestic flights.
- Full coach fares (Y-Class) must not be purchased without prior approval of the Chief Operating Officer (or, if in existence, the Chief Financial Officer).
- All flights shall be booked as far in advance as practically possible in order to take advantage of cost savings.

#### ***Lodging:***

Business travelers are required to select lodging accommodations that meet, but not exceed, their business requirements. Under most circumstances, lodging should not be premium properties. Hotels such as Hampton Inns, Comfort Inns, Marriott Courtyards, Hilton, Hilton Garden Inns, Marriott and JW Marriott would meet business requirements.

#### ***Exceptions:***

- Business travelers required to stay at a specific hotel due to meetings, conferences or other valid business reasons.
- Business travelers stay at a hotel where a meeting or event is scheduled.
- When traveling for business by automobile and the location where overnight-lodging arrangements will be needed at the time the travel itinerary is made.

**It is the responsibility of the business traveler to ensure that hotel reservations are cancelled prior to any established deadlines to avoid lodging charges.**

***Ground Transportation:***

The lowest cost form of ground transportation must be used, allowing for practical considerations, and using sound business judgment. This may involve the use of taxis, rental cars or limousines.

Phoenix Sky Harbor or the business traveler's home airport should be accessed by personal automobile unless the use of other forms of ground transportation is deemed more cost effective in lieu of excessive parking fees.

***Rental Cars:***

When making rental car reservations, the following parameters must be followed:

- Intermediate-sized sedans are considered standard and must be used unless specific business needs mandate the use of a larger vehicle.
- To the extent that the credit card employed to pay for the rental car does not provide insurance or the employee's own insurance does not extend to rental cars, the employee should purchase the additional coverage.
- The pre-purchase fuel option offered by the rental car agency must be declined. Whenever possible, rental cars must be fueled prior to return to the rental car agency.

***Private Automobiles:***

When traveling for business by private automobile, reimbursement will be made at the established by the Foundation mileage rate, which the Foundation's Chief Operating Officer (or, if in existence, the Chief Financial Officer) will modify from time-to-time and on the basis of standard highway mileage guides (except where the employee is already covered by a car allowance). This mileage reimbursement rate covers all transportation and automobile operating costs (for example, fuel, maintenance, wear and tear, etc.).

Ferry, bridge, tunnel, toll road and reasonable parking charges are allowed in addition to the mileage rate.

When a private automobile is used to travel points beyond 300 miles (one way) of the point of origin, reimbursement must not exceed the lesser of the cost of the appropriate round trip airfare between the nearest commercial airport serving the origin and destination cities or the per mile reimbursement rate multiplied by the actual mileage. Reimbursement will only be made for mileage over and above the employee's normal daily commute.

## **Travel Award Programs and Special Promotions:**

### ***Non-Assignable Travel Awards:***

All non-assignable travel awards, such as airline frequent flyer benefits, will accrue to the business traveler. Individual participation in any airline frequent travel program, however, must not be used as criteria for selecting airlines for business travel.

### ***Corporate Travel and Entertainment Card:***

Certain Foundation employees and agents may be provided a corporate credit card, pursuant to a program selected by the Chief Operating Officer (or, if in existence, the Chief Financial Officer). An employee or agent's corporate credit should only be used for Foundation expenses.

Repeated use of the corporate credit card for personal expenses may result disciplinary action, up to and including termination.

The Foundation will pay the annual fees of the corporate credit card, but the employee or agent is exclusively responsible for all interest or penalties incurred.

### **Other Travel-Related Expenses:**

Other expenses associated with Foundation travel that may be reimbursed include:

- Telephone calls, including those necessary to obtain transportation and hotel reservations.
- Expenses associated with baggage handling and storage, including reasonable excess baggage charges, and tips.
- Cost of travelers or cashier's checks for travel advances, clerical and stenographic services for transcribing notes or preparing reports that cannot be delayed, postage for business-related mail, business-related FAX charges, and telephone charges for personal computer modem connections.
- Laundry and valet expenses, when reasonable and necessary.

Travel expenditures not normally reimbursable include the following:

- Costs incurred by unreasonable failures to cancel transportation or hotel reservations.
- Fines for moving or non-moving automobile violations.
- Lost or stolen tickets, cash or property.
- Expenses not directly related to the performance of the travel assignment.
- Hotel movie rentals or airline headsets.
- Airline upgrades.

*Use of Personal Automobile for Non-Travel Purposes:*

Expenses incurred in commuting to the Foundation's offices or event locations are not reimbursable. Normal commuting mileage is defined as the distance for an employee to drive from his or her residence to their assigned work office. When overnight out-of-town travel is required, mileage reimbursement does not need to be reduced by the normal commuting mileage. Mileage is reimbursable at the Foundation's established rate. The employee is responsible for vehicle operating costs and losses resulting from collision, fire or theft when the employee's personal vehicle is used for business travel.

*Phone Charges:*

Telephone bills, including mobile phone bills, will be reimbursed for business calls only, including calls home while on business travel. Excessive charges for personal phone calls while traveling will not be reimbursed. Employees and agents are required to use the most cost-effective communication method for both business and personal communication to be reimbursed by the Foundation.

The Foundation may provide cell phones to employees or agents of the Foundation provided that any such cell phones shall primarily be used for Foundation business.

**Business Meals & Entertainment:**

The Foundation will reimburse reasonable meal costs related to travel based on the amount actually reported rather than on a per diem basis.

Foundation employees or agents will not be reimbursed for in-town meals purchased for other Foundation employees or agents unless meals are in furtherance of the charitable purposes and related to a specific event, achievement, business purpose, overtime meals or as otherwise required by law or approved in writing by the Executive Committee or the Board.

Entertainment expenses are reimbursable to the employee only if there is a reasonable expectation that the entertainment is reasonably necessary to achieve one of the Foundation's charitable purposes. Documentation submitted for reimbursement must indicate that business was discussed and the charitable purpose achieved in conjunction with the entertainment. The senior employee or agent in attendance should pay for all business meal and entertainment expenses.

Entertainment expenses that are deemed not to serve the Foundation's charitable purposes shall not be reimbursed.

**Office Supplies and Equipment:**

All reimbursements for purchases of office supplies and equipment for less than \$100 should be approved by the Chief Operating Officer (or, if in existence, the Chief Financial Officer) or someone s/he has delegated authority, upon certification by the employee that the purchase was in furtherance of achieving one of the Foundation's charitable purposes.

All reimbursements for purchases of office supplies and equipment for more than \$100 but less than \$2000 should be approved by the Chief Operating Officer (or, if in existence, the Chief Financial Officer) or someone s/he has delegated authority *in writing and in advance*, upon certification by the employee that the purchase was in furtherance of achieving one of the Foundation's charitable purposes.

All reimbursements for purchases of office supplies and equipment for more than \$2000 should be approved by the Chief Operating Officer (or, if in existence, the Chief Financial Officer) or someone s/he has delegated authority in writing and in advance and by the Executive Committee, upon certification by the employee that the purchase was in furtherance of achieving one of the Foundation's charitable purposes.

### **Non-Reimbursable Expenses:**

#### ***Common Non-Reimbursable Expenses:***

This list is not intended to capture all types of non-reimbursable expenses.

- Political contributions are absolutely prohibited by the Foundation.
- No personal political contributions will be reimbursed in ANY manner.
- Any gifts of or discount on tickets to Foundation games or events, unless preapproved by the Executive Committee of the Board. Absent preapproval, the employee or agent is personally responsible for the tickets, and the Foundation will treat an employee's or agent's gift of or discount on tickets as income to the employee or agent.
- Moving and relocation expenses
- Movie charges at hotels or in airplanes
- Spousal Travel – Unless it is a requirement of the business function and specifically approved in advance by the Executive Committee
- Any expenses incurred in ladies or gentlemen's clubs, gambling establishments or any similar type of establishment as well as all other non-reimbursable expenses as may be set forth in any employee manual or by way of a separate resolution of the Board from time to time.
- Social memberships (see Other Expenses)

#### ***Other Non-Reimbursable Expenses:***

Non-reward type gifts to employees are not considered reimbursable expenses.

Gifts to persons employed by any federal, state, or tribal government are strictly prohibited unless approved in writing in advance by the Board. Gifts given to employees, as rewards for work performed, are reimbursable up to \$100 per employee per occurrence. Approval for gifts in excess of \$100 must be specifically obtained in writing from the Executive Committee.

Gifts given that are not considered "de minimis" or gifts of cash or cash equivalents (for example, gift cards) in any denomination under IRS regulations are subject to taxation.

Club memberships are generally not reimbursable. To be reimbursable, it must be approved in writing in advance by the Board. Additionally, certain club memberships are subject to taxation per IRS regulations. This includes memberships in primarily a social capacity, such as golf or tennis clubs. Other memberships, such as the Rotary Club, are not subject to taxation. Employees and agents are responsible

for the tax on these benefits. Therefore, all such membership payments deemed taxable must be reported to the Payroll Department so that the payments can be included in the taxable income of the employee.

### **Travel Advances:**

Cash advances must be limited to emergency situations. Approval must be obtained in writing and in accordance with the Board approved Authorization Matrix prior to travel.

### **Reporting and Documentation:**

Employees must report expenses at least monthly (but as frequently as necessary) using the Expense Report form; see attached. Expense reports must be reimbursed through the Accounts Payable system.

When completing the Expense Report Form, employees and agents must:

- Document the names of all attendees, business affiliations and business and charitable purposes for all meals and entertainment expenses
- Document origins, destinations, net reimbursable mileage, and business purpose for personal automobile travel
- Attach original receipts to support expenses greater than \$10.00; photocopies generally are not acceptable
- Sign and obtain appropriate approval from an individual authorized to approve expense reports (Approval is acceptable by signature only). Approval of all expenses by all employees except the CFO will be by the CFO or someone reporting directly to the CFO. The CFO's expenses will be submitted to the Executive Director for approval. The Executive Director will submit his expense reports to the CFO for preliminary approval, and the CFO will submit a monthly report to the Executive Committee recommending which expenses should or should not be reimbursed. The Executive Committee will approve or deny the Executive Director's expenses on a timely basis.

### **Direct Billing Arrangements:**

Direct billing is discouraged. Where an arrangement is required, the business benefit must be clearly identified and properly approved.

### **Approval Requirements:**

Direct billing arrangements must be approved in accordance with a Board approved policy or otherwise remain subject to the prior approval of the Board by separate resolution.

The final approval of each expense report must evidence all preceding levels of approval. Individuals must sign but may not approve their own expense reports; the next functional level of management must make approvals.

EXPENSE REIMBURSEMENT AUTHORIZATION					
Approval Requirements	Reimbursement Request Received From				
	Staff	Corp. Officer	COO/ CFO	Executive Director	Board/3 <sup>rd</sup> Party
COO/CFO	All	All*			
Executive Director			All*		
Exec. Committee				All	All

The most senior executive present at any Foundation sponsored event, meal, entertainment, where other Foundation employees are present, shall pay for the expenses.

**General:**

This Policy supplements, amends and updates any and all current or similar policies of the Foundation. To the extent of any inconsistency between this Policy and any existing or prior policies of the Foundation, the terms and conditions of this Policy shall control in all respects. The undersigned hereby acknowledges receipt of this Policy and that the undersigned has read and understands the content of this Policy and agrees to comply with all of the terms and conditions set forth herein.

\*Amended and Restated Bylaws also require expense reimbursements of all corporate officers to be approved by a member of the Executive Committee; provided, however, that the Executive Committee is required to approve all expense reimbursements of the Executive Director.

*Amended: May 5, 2011*





