WILLIAM & MARY FOUNDATION

EXPENDITURE AND TRAVEL POLICY

Policy Statement

The William & Mary Foundation (Foundation) is a Virginia nonstock corporation. The Foundation's defining and essential mission is to support the university's people and programs. By seeking private support, and then diligently managing those funds, the Foundation advances and furthers the work of the University's students and faculty — providing vital resources for scholarships, professorships, research and program funding. The Foundation is organized and operated exclusively for charitable, scientific, and educational purposes, within the meaning of section 501(c)(3) of the Internal Revenue Code, including receiving, managing, investing, and administering private gifts and property and making expenditures to or for the benefit of the University.

The Foundation has a fiduciary responsibility to donors to ensure that funds are utilized in accordance with the terms and conditions of their gifts. This standard, commonly referred to as "donative intent", is the primary limitation on the expenditure of Foundation funds. There are additional restrictions that apply universally to the expenditure of Foundation funds. Some of these represent controls intended to enhance the fiduciary function of the Foundation, while others emanate from the various legal and administrative constraints within which the Foundation operates.

In spending Foundation funds, the Foundation and University require accountable officers to exercise good judgment, display just prudence, and maintain a high sense of ethics in making expenditure decisions. Payment requests will be monitored for reasonableness. Funds that are comprised of gifts and bequests made for specific purposes must be administered to ensure that such funds are used solely for purposes prescribed by the donor.

Expenses must be prudent and stand the test of public scrutiny. The requirements of this policy have been designed to comply with the Internal Revenue Service accountable plan rules. Under the accountable plan rules, an individual may be reimbursed for certain travel expenses without incurring any tax liability if the following conditions are satisfied:

- Reimbursements must be for business expenses that are paid or incurred by the individual in connection with his or her services as an employee of the University or official representative or staff of the Foundation.
- Travelers must substantiate the amount, date, use and business purpose of each expense within a reasonable time after incurring the expense (generally within 60 days after the expense was paid or incurred).
- Any reimbursement made in error must be returned to the Foundation within a reasonable period (generally within 120 days after the expense was paid or incurred).

This policy addresses the direct operating expenditures of the Foundation and the conduct of business by "Foundation Employees". Foundation employees include all employees who are designated fully and/or partially (Dual Hat) as employees of the William & Mary Foundation. The policy also addresses the process through which University departments and staff may request reimbursement from / use of Foundation funds. University employees conducting University business must comply with University financial management expenditure / travel policy and procedures. Where an exception may be granted to University policy and procedures, the fund administrator, with the approval of the Sr. Administrator of their School or Unit, and the Chief Financial Officer of the University, may submit a request for direct payment or reimbursement to the Foundation Controller for processing.

Generally, the Foundation does not reimburse expenses of members of the Board of Trustees of the Foundation but will provide verification of expenses incurred by Trustees to attend Foundation meetings and conduct business of the Foundation. A trustee may submit a Volunteer Non-Reimbursed Expenses Charitable Tax-Deductible Form. This shall be signed by the Trustee, approved by the Foundation CFO, and processed by Gift Accounting. Gift Accounting shall then issue the original form and gift receipt to the Trustee.

The Foundation expenditure policy and procedures are intended to be used as a guideline and can be revised or changed at any time as deemed necessary. If you have additional questions, please contact the Foundation Finance team directly for further guidance.

Modifications and Reviews of Policy

This policy is maintained by the Foundation Finance team, Chief Financial Officer, and the Budget & Finance Committee of the William & Mary Foundation Board of Trustees. The policy is reviewed every three years and/or updated more frequently as laws and other guidelines warrant. Policy updates and revisions are recommended by the Budget & Finance Committed and approved by the Board of Trustees.

Travel and Entertainment

Business Purpose and Justification

Travel reimbursement must contain justification and business purpose, as well as dates and times of travel. If the travel is to a conference or professional meeting, a conference agenda or meeting itinerary should be provided. The Foundation does not generally pay for travel upgrades of any kind such as first class or preferred seating. Instances where first class or charter flights may be required or justified in execution of the business of the Foundation, shall be submitted for pre-approval by the Foundation Controller and/or Chief Financial Officer (CFO). The Foundation CEO and University President are recognized as two roles that may require use of charter flights in due course of conducting the business of the Foundation amid condensed travel schedules. The Foundation will not reimburse individuals for Travel Security Administration (TSA) pre- check enrollment fees offering expedited airport security screening.

When travel is made to a foreign country, the conversion rate used to calculate the reimbursement must be included with the payment request. Any request submitted without proof of conversion, such as a printout of the exchange rate used or a copy of a credit card statement showing the transaction amount in U.S. dollars, will be returned for revision. To properly reflect the daily fluctuation, use the exchange rate for the date of the transaction. Please be advised the best proof of conversion for a receipt is a copy of a bank or credit card statement showing the actual charge in U.S. dollars. The date the expense was actually incurred must be used as the transaction date for proper currency conversion. Travelers are allowed up to 1 day on domestic travel and 2 days on foreign travel to reach their destination.

Entertainment expenses that are unusual in nature which include, but are not limited to, ski lift tickets, show tickets, extravagant meals, golf outings and cruise excursions require written supervisory approval and business purpose justification prior to purchase. The written approval and other supporting documentation for the expense must be attached to the payment request. Foundation staff are encouraged to consult with the Controller and Foundation Finance team for assistance when planning for trips or events that involve expenditures of this nature.

Lodging

Lodging can include the cost of the room, applicable taxes, internet fees, and hotel parking. Any additional costs will require written justification. Expenses related to movies, mini-bar or hotel amenities are not allowed by the Foundation. Laundry expenses may be permitted when official travel extends beyond seven days and such expenses are necessarily incurred to complete the official business portion of the trip. Room service and hotel restaurant charges will only be allowed if an itemized receipt is provided.

Mileage

Individuals who use their personal vehicle for business travel will be reimbursed at the IRS standard business mileage rate in effect on the date of travel. Reimbursement requests must include date, origin, destination, business purpose and total miles traveled to be eligible for reimbursement.

Car Rental, Taxis, Uber, Lyft, Car Services and Other Transportation

It is often cost effective to use the University rental contract, currently held by Enterprise Rent-A-Car. The traveler should secure a car that is appropriate based on the circumstances under which the business trip occurs such as transporting senior University leadership, board members, donor prospects or other distinguished guests. As a rule, if the daily rental car rate exceeds $50, an explanation of the business purpose for the costlier vehicle is required and must be submitted with the payment request. When using the University Contract, refueling charges are allowed, as this is addressed in the contract. Refueling charges are to be avoided when not using a rental car under the University Contract.

Taxi / Uber / Lyft, etc. fares must include pick up and drop off locations along with the business purpose of the trip (example: airport to hotel). Taxi fares that are not business related are not allowed. The Foundation will allow gratuities up to twenty percent (20%) of the cost of the fare.

Use of a car service is allowed only if rates are comparable to that of general taxi services for the location. Exceptions require an explanation of business purpose. Other Transportation, such as subway, train and metro fares, must include the business purpose of the expense.

Guest Meals or Travel Expenses

Meals or travel expenses for spouses, family members or other companions are only permissible if a bona fide business purpose is clearly documented. Documentation will often include specific invitation and requirement for the guest involvement in the event or business activity associated with the meal or travel. The IRS provides guidelines to establish a bona fide business purpose:

> Merely having the spouse perform some incidental business service isn't enough to establish a business purpose. It is also not sufficient for his/her presence to be "helpful" to the employee's business pursuits - it must be "necessary." In most cases, a spouse's participation in social functions, even as host/hostess, or to help establish goodwill for clients or associates is not enough to establish a business purpose. The following roles and situations can be considered a bona fide business purpose:
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> - Required attendance at business meetings.
> - Presentation at business meetings.
> - Officially hosting an event if the host function includes the planning of the event and where attendance is required because the spouse is responsible for certain logistics of the event.
> - The primary purpose of the spouse's attendance is to serve in official business and the spouse spends more time on business activities than on personal activities on the trip; and
> - The presence of the spouse is essential to the function.

Absent a bona fide business purpose, guest meals or travel are considered taxable income of the employee and reported on their W-2.

Travel / Entertainment / Business Meals

Employees must be in travel status for meals to be reimbursable in conjunction with their travel. When calculating travel status when flying, travelers will be provided reasonable time to reach the airport from home and early arrival at airport before actual plane departure. Upon their return, travelers will be provided reasonable time to debark and claim their baggage. If the mode of transportation is a rental or personal car, travel status begins 50 miles outside of the traveler's work location. Breakfast, lunch and dinner are the only allowable meals and must be customary and reasonable. A cup of coffee, tea, bottle of water/soda or a snack is allowable in between meals.

Business meals taken with donors, paid consultants, visiting professors/lecturers and vendors must directly precede, include or follow a substantial business discussion or event to be reimbursable. Meals and entertainment that have the specific purpose of cultivation of potential or current donors are considered matters of business and are eligible for reimbursement.

To enhance the on-boarding experience for new Foundation and University Advancement employees, the Foundation allows for business meal reimbursement for one supervisor and new employee welcome lunch.

The Foundation will allow gratuities up to twenty percent (20%) of the cost of the meal. When gratuities are automatically added to a bill, an additional tip above this service charge is not permitted if it exceeds the 20% threshold.

Alcoholic beverages may be reimbursed if the customary and reasonable standard for expenditures incurred while conducting Foundation business is met.

Reimbursement requests for entertainment meals and/or functions must include the identity of the attendees, their role and the business purpose. These names must be included with the payment request upon submission. If the names have been written on the back of the receipt, a copy of the back of the receipt must be provided.

Incidental Travel Expenses

Reasonable expenses incurred for telephone, fax or internet connectivity for business communications while traveling is reimbursable. Detailed bills must be submitted with the expense report. If such expenses are charged to a hotel room and separately listed on a hotel bill, this will constitute adequate documentation. In situations where tips are considered customary (porters, taxi drivers, wait staff, etc.) tips will be reimbursed. Expenses that are strictly personal in nature incurred during business travel will be the sole responsibility of the individual and will not be reimbursed by the Foundation.

Memberships

Professional Organizations

When requesting payment for a membership, the payment request must indicate the benefit to W&M or the William & Mary Foundation. Supervisory approval is required for individual memberships. Optional dues/fees assessed by the membership organization are not allowable business expenses.

Recreational Organizations (Club Memberships)

The Foundation will only pay for social club dues if such expense is deemed to be necessary to the individual's job duties, such as for entertaining donors. Such expense must be approved in advance as necessary by the Chair of the Board, CEO, or CFO of the Foundation. Following IRS guidelines, the Foundation considers club memberships to be taxable income to the individual.

Taxable Events

Certain reimbursable expenditures are considered taxable events. Taxable events are reimbursements which are required by the IRS to be added to the individual's W-2. The following are examples of taxable events: spousal travel and meals when a bona fide business purpose has not been documented and approved, and allowable gifts to employees that exceed the de minimis fringe benefits rule. These payments are salary supplements, which cannot be processed as a direct payment to the individual by the Foundation and are routed through the University Payroll Office. Awards made to non-W&M individuals are taxable to the recipient as other income. Payments made to W&M employees for services rendered that fall outside of their job scope must be routed through the University Payroll Office.

Scholarships/Fellowships/Assistantships

Some Qualified Scholarships and Fellowships that are processed through the University financial aid office are directly charged to designated funds held by the Foundation. All other funding for scholarships, fellowships, and assistantships are processed as reimbursements for expenditures incurred by the University (schools, units, and the financial aid office). In all cases, fund administrators (University Deans, Department Heads, and Financial Aid staff) are responsible for ensuring that awards are in alignment with donor intent or restrictions, and that students meet the criteria for receiving an award. Foundation staff generally rely on the due diligence of Fund Administrators but will also verify eligibility and assist Fund Administrators to ensure compliance.

Gifts of Recognition/Awards

Employee Awards

Foundation funds may only be used for awards to employees to the extent that the fund purpose will allow for these types of expenditures. All such expenditures must be reasonable and consistent with IRS regulations for business-related gifts, must conform to all applicable State and University policies, and justification/documentation must be presented to show that these gifts were in the best interest of the Foundation.

The Internal Revenue Code regarding employee compensation will be followed. Non-cash gifts, prizes and awards provided to employees will be treated as taxable compensation subject to withholding and FICA tax rules. The tax code allows an exclusion of de minimis fringe benefits. The Foundation has established that a maximum value of $100 will be considered a de minimis fringe benefit. Certain benefits are treated as taxable compensation regardless of the amount. These include season tickets to sporting or theatrical events, commuting use of an employer-provided automobile, membership in a private country club or athletic facility. Gift Cards and Gift Certificates shall not be provided as an employee gift / award.

Gifts in General

Sympathy, get well and congratulatory gifts may be sent on behalf of the Foundation. Gifts sent on behalf of an individual are not permissible. Per IRS guidance, the Foundation has established that a maximum value of $100 will be considered a de minimis fringe benefit. No gifts shall be reimbursed from a fund where the recipient of the gift is the Responsible Party, or anyone with signature authority without the approval of the Foundation CFO, or his/her designee. No gift shall be reimbursed where the purchaser and receiver of the gift is the same person.

Employee Recognition and Events

The Foundation Board of Trustees may authorize expenditures for the purpose of Foundation and University Advancement staff recognition. This may be in the form of a small event, party, meal, or other form of group recognition as determined by the Board and Board Chair. The Foundation CEO and CFO are authorized to execute these recognition events upon the request of the Chair of the Board of Trustees.

Retirement recognition applied consistently to all full-time employees is permissible according to guidelines established by the IRS. The IRS generally allows, in these circumstances, for non-cash items up to $400 in value to be given with no tax consequences to the recipient.

Parties for employees are permissible if the expenditures are consistent with the fund purpose and the party has a justifiable purpose in support of the mission of the Foundation. To determine reasonableness an employee headcount should be documented. Any expenditure found to be extravagant will be questioned.

Gifts to Donors/Trustees

In general, gifts to donors for recognition of a specific donation are not appropriate. The Internal Revenue Code will be followed regarding quid pro quo items for donors to the Foundation. The Foundation is required to document with the donor the "contribution" value of donations received. The contribution value is equal to the amount received by the Foundation less the value of what is given to the donor in return. The IRS has established Safe Harbor rules whereas de minimis gifts defined as the lesser of 2% of the donation received or $134 (adjusted annually for inflation) are allowable. Regarding prospective donors/trustees, the IRS does not provide for specific dollar values that can be expended in solicitation of a contribution but does require the issuance of a 1099 for gifts that are equal to or exceed $600 during a calendar year.

Recruitment and Relocation of New Employees

All recruitment and relocation agreements for Foundation employees must follow University policy and procedures and be documented and approved and processed through University Human Resources and Payroll.

Relocation expenses are either paid directly to the third-party vendor providing the moving services or funded by providing the employee with a one-time relocation stipend. House hunting trips cannot be reimbursed to the prospective candidate; however, departments can offer a relocation stipend to cover the expenses.

Foundation Events

The Foundation hosts and sponsors a variety of events in the course of its ongoing business operations. Events may consist of but are not limited to donor stewardship and cultivation, alumni and constituent engagement, campaign planning, retreats, employee recognition and appreciation, lectures, debates, and other events that facilitate alumni and community engagement with William & Mary, and other events that promote the University and its brand recognition. These events must comply with Foundation policies and procedures.

Unallowable Expenditures

Foundation funds, which include general development or discretionary funds, may not be expended for any activity or purpose that:

- Jeopardizes the Foundation's status as a charitable organization as defined by the Internal Revenue Code Section 501(c)(3)
- Benefits the campaign of any candidate for public office
- Is paid for, or inures to, the personal benefit of an individual
- Is not considered a customary or reasonable expense incurred while conducting Foundation

business

- Fails to meet standards of equity and ordinary prudence in the management of the property of another

Some examples of expenditures that may not be paid from Foundation funds include:

- Fines, traffic tickets, parking tickets, impound and/or towing fees
- Office supplies that are not business-related, customary or reasonable
- Furniture or equipment that is not business-related, customary or reasonable
- TSA pre-check enrollment fees for airport security
- Passport fees and related expenses
- Personal items such as medical prescriptions, toiletries, personal hygiene, accessories or clothing that is not directly related to an academic initiative
- Non-work-related magazines or books
- Political campaign contributions
- Frequent meal reimbursements when only University or Foundation employees are in attendance (these meal costs will be reimbursed only if there is a clearly stated business purpose for each meal)
- Membership fees for frequent flier clubs or airline VIP associations

Contracting, Purchasing, and Signature Authority

Deans, Directors, Department Chairs, or other University administrators who are identified as fund administrators for Foundation private funds at their disposal are authorized to contract for or make purchases of goods and services for amounts not to exceed $20,000. They are also authorized to sign documents such as internal signature cards which authorize expenditure authority, receiving reports for delivered goods, purchase orders and invoices for goods and services that are within budgeted guidelines and not to exceed $20,000.

Contracts for general services or purchases of goods and services which legally bind the Foundation for amounts that are within budgeted guidelines of more than $20,000, but not to exceed $50,000, can be signed by one of the following officers of the Foundation: the Chairperson of the Board, the Vice Chairperson for Development Strategy, the Vice Chairperson for Investments, the Chief Executive Officer, the Chief Financial Officer and Treasurer, and the Executive Director.

Contracts for general services or purchases of goods and services which are within budgeted guidelines more than $50,000 to any one vendor requires approval of two officers listed above, one of which should be the Chief Executive Officer or Chief Financial Officer; provided, however, that the Chair of the

Budget and Finance Committee is notified of contracts more than $500,000. Contracts for general services or purchases of goods and services for amounts that are not within budgeted guidelines, require approval of the Chair of the Budget and Finance Committee and approval for coinciding budget revision.

All payment requests up to $50,000 may be authorized by the fund administrator if the payment agrees with a previously approved contract or quote. All payment requests over $50,000 require approval of the Chief Executive Officer or Chief Financial Officer. Any increase in costs, quote adjustments and / or contract revisions shall require approval by the Chief Executive Officer or Chief Financial Officer.

Contract authority referenced in this section is subject to limitations set forth in any specific resolutions regarding (i) authority to sell, lease or purchase real property, (ii) authority to borrow funds and (iii) any other Board approved documents delegating such authority.

Authorization and Use of Foundation Credit Card

Issuance of Foundation credit cards is authorized by the Chief Financial Officer (CFO) and shall be limited to include the CFO and Accounts Payable / Finance staff of the Foundation. The CFO is responsible for setting and adjusting card limits and restrictions.

The Foundation Credit Card is designed to help streamline procurement and payment processes, particularly in instances where credit card payment is required by the vendor or is the most efficient and effective method of payment. The authorized card holder is responsible for verifying all purchases are for valid business purposes and that purchases comply with Foundation policies and procedures prior to approving transactions. Payments to individuals are not allowable due to possible tax implications. Payments to individuals must be processed through University Payroll and / or Foundation Accounts Payable.

When the cardholder identifies a problem with a purchased item or with billing related to a payment made with the Card, the cardholder shall contact the vendor directly to resolve the issue. In the unlikely event that the vendor refuses to issue a credit, or the transaction is clearly unauthorized, the cardholder should immediately contact the card issuer to dispute the transaction. The cardholder should also notify the CFO and Foundation Accounts Payable. If a card is lost or stolen, the cardholder should notify the CFO and Foundation Accounts Payable and immediately contact the card issuer to report the lost or stolen card.

Cardholders must retain a log of transactions and maintain receipts of authorized transactions, complete monthly reconciliation of credit card statements, and submit their reconciliation and receipts to Foundation Accounts Payable within 7 days of the statement date. Cardholders who do not complete timely and complete reconciliations or fail to use their card in compliance with Foundation policies and procedures will have their card deactivated.

General Procedures and Documentation

Invoices shall be submitted for payment upon receipt and include confirmation of the receipt of goods or services being billed and any other documentation supporting the approval and scope of goods and services provided (approved contract, order, other agreements). Reimbursement requests should be submitted within ninety days of the transaction. Requests submitted more than six months after the transaction require justification as to the reason for the delay and may not be reimbursed.

Supervisory approval is required when the payee is an employee and when the nature of the expenditure may also be construed to provide a personal benefit to an employee. This type of expenditure could include, but is not limited to, membership dues and social events. The approving supervisor does not have to be an Authorized Signer on the disbursing fund. All expenditures of Foundation funds require the approval of the Fund Administrator or designee.

Payment requests and Foundation Credit Card expenses must have appropriate documentation and justification showing that the expenditures fall within the fund guidelines and contain a clearly stated business purpose. All payment requests must be approved by an Authorized Signer and be accompanied by a legible itemized invoice or itemized receipt.

If itemized receipts are not available, an exception may be granted if other documentation is provided that is deemed to sufficiently meet the requirements of an accountable plan. Such exceptions are expected to be infrequent and require the signature of the Controller or the Chief Financial Officer of the Foundation. Expenses of less than $25 are not required to have a receipt, but receipts that are available should always be provided. If receipts for expenses less than $25 are not provided, a written explanation including amount, date, party paid, nature of expense and business purpose must accompany the request for reimbursement.

In some circumstances due to the inherent nature of a situation receipts may not be available. If an individual was unable to obtain a receipt, a written explanation including the amount, date, party paid, nature of expense, business purpose and other available documentation substantiating the amount must accompany the request.