



## ***Business Expenses Reimbursement Guidelines***

*Effective 12/3/08*

### **A. Business Meals**

Faculty, staff and students may be reimbursed for approved, necessary and reasonable business meal expenditures.

Business meals are those enjoyed with non-CU employees who are business associates, university guests, job applicants, professional colleagues, future students, or donors, during which University business discussions take place. Whenever possible, such meetings should take place in University facilities.

To be reimbursed, business meal expenses must meet the “directly-related” test according to IRS regulations. Meal reimbursements meet the “directly-related” test if all of the following facts are considered:

- The main purpose of the combined business and meal is the active conduct of business,
- Business is actually conducted during the meal period, and
- There is more than a general expectation of deriving income or some other specific business benefit at some future time.

Appropriate documentation is required for all business meal expenses. Appropriate documentation includes the original receipt that details the items purchased, the business purpose of the meal including an outline of the meeting agenda, and the names of the individuals included in the business meal.

### ***Expenses NOT reimbursable:***

Meals enjoyed for fellowship between two or more employees without a clearly defined business purpose, which ordinarily could be conducted during normal working hours, are not reimbursable from any University funding source. The cost of such meals should be borne by the employees as personal expenses.

Expenses incurred in relation to the following events are considered to be personal in nature, and therefore, are also not reimbursable:

1. Parties, small gatherings, or meals for birthdays, weddings, births, showers, administrative professional's day, welcome and farewell lunches, and
2. Parties, small gatherings, not sponsored by the department and made available to all employees of the department.

## **B. Gifts and Hospitality**

### ***Gifts:***

In very limited circumstances, University departments may incur a modest expense, in the form of a gift, on behalf of an employee or an employee's immediate family, for the following events:

1. Critical illness of an employee or student requiring hospitalization.
2. Memorial gifts made upon the death of an employee or an employee's immediate family member from their specific department. In such cases Cornerstone University should be acknowledged as the sender. A recommended limit for this gift is \$50.00.
3. Gifts in recognition of employee work-related achievement or years of service ***are NOT allowable*** as work related recognition is provided through official University recognition programs administered by the Human Resources Department.
4. Holiday gifts for faculty, staff, students and volunteers ***are NOT allowable*** University expenses. Gifts of this nature should be funded as a personal expense.
5. Gifts to honor an individual for other personal reasons (e.g. birthday, wedding, baby shower, housewarming, promotion, etc.) ***are NOT allowable*** University expenses. Personal contributions among colleagues should be the method of providing such gifts.

### ***Donations to Other Charitable Organizations:***

The University is classified by the IRS as a tax-exempt charitable organization. As such, donations made by the University to other charitable organizations (with the exception of memorial gifts stated above) should be done under extraordinary circumstances only. Payments to such organizations must include documentation explaining the nature of the donation, and the relationship to Cornerstone University. All such payment requests must be approved at the cabinet officer level.

### ***Hospitality:***

Refreshments provided at University activities such as meetings with guests, business presentations with guests, or in honor of University guests are allowable. Such expenses should be kept to a reasonable level of cost and occurrence.

The purchase of bottled water for reception areas where there is public visitor traffic is allowable.

## **C. Entertainment**

Certain functions and events are considered University business entertainment if they are intended to provide hospitality to individuals outside the University when considered necessary and customary in furthering the University's interests.

Some examples of business entertainment may include:

1. receptions for University guests and visitors,

2. alumni reunions or similar alumni events,
3. entertaining donors or prospective donors,
4. welcoming receptions for parents and students

In planning entertainment for guests of the University, all efforts should be made to keep costs to a reasonable level in relation to the nature of the event. Departments are required to arrange such events through the University Events Coordinator and the Food Services Department.

#### **D. Employee Events**

Expenses associated with personal events, (e.g. birth of a child, wedding, anniversary, birthday, etc.) **are NOT allowable**. Costs for such events should be borne by the participants.

Reasonable expenses for farewell receptions organized by a department with invitations to the CU community will be considered for “business” and may be charged to the department’s budget.

#### **E. Documentation & Authorization**

All University business related expenses must meet the IRS requirements for documenting the business purpose of the expenses, namely to provide a record of the time, location, participants and business-related nature of the activity.

The Controller has the authority to inquire, or request additional information concerning the business purpose, support documentation, or reasonableness of the expense. A member of the staff in these offices may request approval by a cabinet officer.

#### **F. Exceptions**

Exception to any provision stated in this document requires written approval. A memorandum or related document justifying the request for exception must be approved by the cabinet officer for the department making the request, and submitted to the Controller’s Office prior to any reimbursement or payment. Approval for exceptions at the cabinet officer level must be granted by the officer to whom he/she reports.