

**BUSINESS EXPENSE REIMBURSEMENT POLICY
OF
BUTLER UNIVERSITY**

Purpose

This Policy facilitates the charitable work of the officers, employees, and volunteers ("Representatives") of Butler University (the "University"). This Policy is hereby adopted for the purpose of establishing guidelines for reimbursement and payment of expenses incurred by the University's Representatives in furtherance of the University's charitable mission and purposes. It is based on the belief that active participation by Representatives is key to successful pursuit of the mission of the University and that accordingly, such work must be facilitated and supported. Any expense paid or reimbursed by the University to or for a Representative must comply with the terms and conditions of this Policy.

Fully Reimbursable Expenses

Only such expenses as are reasonable and necessary in furtherance of the University's exempt purposes and objectives, and otherwise meet the requirements of the University's Procurement Policy as applicable, shall be fully reimbursable under this Policy. Any question of whether an expense is reasonable and necessary shall be decided in the sole discretion of the Board of Trustees or its designee(s). Generally, the following items are acceptable to submit for reimbursement:

1. Travel Expenses. Travel in furtherance of the University's exempt purposes and objectives includes the travel required for meeting attendance and other business of the University requiring the presence of the Representative. Reimbursable travel expenses generally include reasonable and necessary costs for:

- Transportation to and from the business destination, including mileage and airfare, as well as transportation while at the business destination;
- Meals;
- Lodging; and
- Other expenses incident to University business, such as telephone and facsimile charges.

2. Business Meals and Entertainment. Prior approval of business meals and entertainment expenses is generally not required. However, any doubts with respect to the reasonableness of an anticipated expense should be resolved by seeking advanced approval. The primary purpose of business meals and entertainment is to show appreciation to external business-related contacts. Sound business judgment should be used when incurring business meal expenses. In order to qualify for reimbursement, business meal expenses must be incurred in connection with a specific business discussion.

3. Seminars and Conferences. The University may reimburse or pay the registration fee for any seminar or conference directly related to the Representative's position or work with the University. Representatives must obtain approval, in writing, from the University before attending a seminar or conference for which reimbursement is requested. Any related travel expenses will be reimbursed in accordance with this Policy.

4. Cellular Phones/PDAs. The cost of acquiring a cell phone or personal digital assistant ("PDA") for business use is generally the responsibility of the Representative. Generally, if a Representative has a significant business purpose for needing a cell phone or PDA, the Representative must submit a request with the supported amount for a taxable stipend via the appropriate cellular phone/PDA stipend request form.

5. Laptops and Internet Access. The University will not reimburse Representatives for internet service on home computers. If the University provides a laptop for business use, the laptop remains the property of the University. If internet service is provided by the University for business reasons while out of the office for an extended period (>1 month) the Representative must calculate the percentage of time the internet service is used for personal reasons and provide an allocation to the University monthly. The University will report the cost of such personal use on Form W-2 or 1099. If the Representative does not provide the allocation to the University, the entire cost of the internet service will be reported on Form W-2 or 1099.

Taxable Expense Reimbursements

Certain expenses, if reimbursed by the University, are included as taxable income. In the sole discretion of the Board of Trustees or its designee(s), the University may pay or reimburse expenses that are included as taxable income, provided such expenses are approved by the Board of Trustees or its designee(s) in accordance with the University's excess benefit transactions policy prior to the date on which the expense is incurred. In such cases, the reimbursement shall constitute supplemental compensation for services rendered. Subject to the foregoing, the University may offer taxable reimbursements for the following expenses:

- Health or social club dues or initiation payments.

Expenses Not Subject to Reimbursement

The University does not pay or reimburse for certain types of expenses that may be incurred, even if incurred while on business of the University. Expenses for which the University does not reimburse include those expenses which are, in the sole discretion of the Board of Trustees or its designee(s), deemed unreasonable or unnecessary to support the exempt purposes and objectives of the University or which are in an amount excessive in relation to the duties of the Representative. Unless otherwise determined by the Board of Trustees or its designee(s), expenses for which the University will not pay or reimburse include, but are not limited to:

- First-class or charter travel;
- Travel for companions;

- Tax-indemnification or gross-up payments;
- Discretionary spending accounts;
- Housing allowance or residence for personal use;
- Payments for business use of personal residence;
- Personal services (e.g., maid, chauffeur, chef).

Under no circumstances shall the University pay or reimburse for luxury travel or other expenses.

Substantiation

No expense reimbursements shall be made unless the Representative substantiates such expenses by adequate records or sufficient evidence as to the amount of such expense, the time and place in which the expense was incurred, and the purpose thereof. In order to assist in the orderly administration of this Policy, timely submission of expense reports is expected.

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