

J. Types of Expenditures

10. Meal Expenditure Policy

Index

- a. Reasonableness Test
- b. Prior Approval
- c. Documentation of Business Purpose
- d. Meal expenses while traveling on business and in town meals when only employees are in attendance
- e. Business Meals
- f. Alcoholic beverages
- g. Meals in Private Home
- h. Spouse Expense Reimbursement
- i. Frequency of Business Meals

More restrictive policies and procedures may apply to Foundation accounts based on donor restrictions. This guidance applies to all payment types.

a. Reasonableness Test

Meal expenses must be reasonable in amount, appropriate under the relevant circumstances reasonably necessary to the expedient conduct of university business and compatible with the Foundation's status as a publicly supported entity.

b. Prior Approval

To avoid any potential rejections of expenditures, prior approval of questionable expenses should be obtained from the Foundation's Fiscal Office and your supervisor.

c. Documentation of Business Purpose



In general, business must be discussed during the meal or other activity and every person whose expenses are paid for by the Foundation must have a business connection to the activity. Even though in some cases the business purpose is implied, it must be specifically documented to receive favorable tax treatment. This documentation does not require a great deal of explanation. In most cases, a short description will suffice (i.e. discussed new research project, conducted departmental staff meeting, etc.) The Foundation will refuse payment for any meal or entertainment expense for which the business purpose has not been sufficiently documented. For example, "to discuss University/Department issues" will not be considered sufficient documentation. In addition, the Foundation will refuse payment for any meal that is deemed lavish or extravagant.

If business and non-business individuals are entertained at the same event, the Foundation will only reimburse for the business persons at the event. If the expenses for the business individual are not specifically identifiable, it is permissible to allocate the total bill on a pro rata basis for the business persons. Children are not considered business persons at an event and their expenses will generally not be reimbursed.

- d. Meals while Traveling on Business and In-town Meals when only employees are in attendance

(These amounts do not apply if the traveler chose to be reimbursed based on per diem rates.)

The following are the per-person expenditure limits for meals established by Foundation policy. **These limits are all inclusive and include, but not limited to, meals, beverage/alcohol, tip, tax, and any other service fees.**

Meal	Per Person Maximum for Meals While Traveling & In Town Meals Between Employees
Breakfast	Up to \$25



Lunch	Up to \$30
Dinner	Up to \$50

In general, the Foundation will not pay for or reimburse costs for meals just between employees within the same department / unit except as provided below. Examples of such events include:

- Meals related to offsite seminars / conferences / retreats.
- When a meeting takes place over an extended period of time and the agenda includes a working meal.
- A meeting where there is a scheduled luncheon speaker.

For meals between employees from different unit departments Foundation policy does not permit reimbursement when two or more employees choose to go to lunch together to continue their business as an incidental part of the meal, when the meal is of a reciprocal nature, or when the meeting could have been scheduled during regular working hours.

The business purpose of meals or light refreshments provided as part of a meeting must be explained on the Check Request form (or electronic equivalent) or substantiated by other documentation (e.g., an agenda) attached to the form.

e. Business meals

Business meals are meals in conjunction with a bona-fide business purpose where payment is made and reimbursement is requested when outside party (in addition to the employee) are in attendance. These limits are in consideration of best practices and benchmarking of other institutionally related foundations and universities.

The following are the per-person expenditure limits for meals established by Foundation policy. **These limits are all inclusive and include, but not limited to, meals, beverage/alcohol, tip, tax, and any other service fees.**

Meal	Per Person Maximum for Business Meals
Breakfast	\$10.00 - \$30.00
Lunch	\$15.00 - \$40.00
Dinner	\$20.00 - \$80.00
Light Refreshments	\$18.00

Notes:

- Reimbursement for a “buffet reception” cannot exceed the applicable meal rate associated with the type of buffet, i.e., breakfast, lunch or dinner.
- The lunch rate may be used to reimburse for a brunch

Amounts in excess of these limits may be permissible based upon circumstances such as the business purpose of the meal, the guests present and other factors. The business purpose write-up and the write-up explaining the need for the exception will be critical.

Meetings involving senior recruitments, visiting dignitaries, donor relations may involve a higher cost. Certain events, particularly those honoring or cultivating donors may fall outside of these guidelines. These special events are not meant to set the style for traditional business meals with vendors and business partners.

The Foundation recognizes that typical meal expenses can range widely depending on circumstances. A breakfast meeting in a hotel restaurant will be far more expensive than coffee at a local coffee shop. Hence, the above guidelines are presented as a range rather than a single amount.

In all cases, fiscal prudence and good judgment should be exercised.

f. Alcoholic Beverages

The Foundation will reimburse the cost of alcoholic beverages up to a reasonable amount. Prudence should be used in the purchase of such beverages as they may comprise a significant portion of the cost of the meal. **The average cost should not exceed \$25 per person.**

Where applicable the appropriate University forms related to alcohol should be completed approved and a copy submitted with the payment request.

The policy, of course, does not preclude the host from paying out-of-pocket for amounts above this level.

g. Meals in a private home

Such meals are allowed within the overall guidance for business meals. When the meal is provided in a private home, only actual out-of-pocket costs relating to that specific affair (e.g. catering, set up/take down, floral arrangements, rentals, cleaning) will be paid by the Foundation. While the Foundation will pay for these expenditures, the Foundation is not liable for these events, nor are they covered by the Foundation's insurance. Insurance should be procured from other sources for these types of events.

h. Spouse Expense Reimbursement

Reimbursement for spousal attendance at business meals / events is allowed only in a few situations.

Meals provided to a spouse, family member or other person accompanying a University employee will be reimbursed only when there is a substantial and bona-fide business reason for that person's attendance. The IRS does not permit tax-free treatment when the spouse or other person is present merely for a social or personal purpose. It must be shown that the spouse played a "significant role in the proceedings" or made "an important contribution to the success of the event." This type of expense will not be approved without detailed supporting documentation, including an explanation of the Spouse's role or contribution to the event. (e.g., an event or meeting agenda, or a letter of invitation requesting that spouses attend.)

This is in addition to documenting the business purpose of the event. If the spouse's attendance is not business related, a pro rata share of the total expense should be excluded from the expenditure payment.

There are events, however, where spouses or others are appropriate and necessary for building the sense of community. While permissible, such situations should be kept to a minimum.

Examples of business events where spouse attendance would be paid / reimbursed:

- *A University employee provides a meal to a business relation as part of a meeting. The business relation's spouse attends the meeting because it is impractical to provide the meal to the client without the spouse. The spouse of the University employee attends the meeting, because the spouse of the business relation is in attendance. Then, the meals of both spouses will be reimbursed.*
- *Annual University reception for new faculty / chairs / professorships.*
- *Conferences where attendance of spouses or others is customary.*

i. Frequency of Business Meals

Business meals require a significant commitment of time and financial resources. Accordingly, the number of such events should be limited. It would be an extraordinary circumstance for an individual to participate in University business meals on a daily or several days per week basis. Where possible, meetings should be conducted during the remaining hours of the workday.

9.