



**QUALDERM
PARTNERS**

EXPENSE REIMBURSEMENT & TRAVEL POLICY

September 2016

Summary

Travel is a major factor in the day-to-day operations of QDP and is a necessary cost to fulfill our responsibilities. Not only does the cost of travel affect the bottom line, it impacts the image, the perceived work ethic and the commitment of QDP to its customers and partners.

Travel can also be disruptive to an individual's life and time away from home is a considerable sacrifice. We should seek a reasonable balance in reducing time spent away on business as well as costs. QDP incurs a significant amount in annual travel expenses which can only be reasonably controlled if each individual accepts responsibility for minimizing costs. Financial resources are precious. Wise use of our resources is essential for us to remain strategically competitive and to maintain profitability.

QDP will reimburse employees for reasonable, properly approved, and substantiated travel, subsistence, and business expenses. Inquiries related to expense reimbursement and policy compliance matters should be directed to the CFO or your supervisor.

When more than one (1) employee participates in a business activity, the individual at the highest level of authority should incur and report the expense. If an individual at a lower level of authority reports the expense then an individual that did not participate in the activity at a higher level of authority should authorize the expense.

Equity and fairness require the QDP expense reimbursement policies be applied evenly to all employees of the Company. Therefore, any approval of expenses outside of these policies should be rare and supported by compelling reason.

Our policy is intended to be a general guideline for employees traveling on behalf of QDP. It is subject to adjustment based upon specific issues. Deviation from our policy without advance approval may result in non-reimbursement for any expense in question and may further result in corrective action including possible termination.

Reimbursement Procedures

Corporate Charge Card: Company provided credit or debit cards for business travel are available, as approved for employees who travel regularly.

Method of Reimbursement: Employees must submit expense reports listing any business or travel expenses that they have incurred using the form, typically an Excel workbook, including the most recent updates, provided by the Finance group. Upon approval by the employee's supervisor, Accounts Payable will pay all approved expense reports on a weekly basis for expense reports submitted in the prior week.

Responsibility for Expense Reports: Regardless of who prepares and enters the expense data, each employee reporting the expenses should review the report for accuracy and is ultimately responsible for the data submitted and for submitting receipts. All expense reports must be signed by the individual claiming the reimbursement. Any individual submitting a fraudulent expense report will be subject to disciplinary action, including termination and potential criminal prosecution. It is important that expenses be charged to the correct activity, region, business unit or project.

Timeliness in Reporting Expenses: Expense reports should be submitted for reimbursement within thirty (30) days of the occurrence of the expense. Expense reports older than forty-five (45) days will need to be approved by the CFO or CEO.

Substantiation of Business Expenses: The Internal Revenue Code provides that for a deduction to be allowed as a business expense, an individual must substantiate the following:

- Amount of the expense;
- Date and place incurred;
- Names and titles of others attending (e.g., John Smith, MD); and
- Business purpose of the expense (e.g., discussion of Orlando development project).

Employees must document the above information (including vendors) on the individual receipt, expense report, or a separate note attached to an expense report. The Company requires all employees to conform to IRS requirements in order to obtain expense reimbursements.

The Company requires that original receipts be provided for all expenditures of \$15 or more. If a receipt is lost, a written statement to that effect plus any other supporting evidence (credit card bill) should be included with an expense report. Various small expenditures under \$15 should not be aggregated and reported as one (1) item. The Company will not reimburse expenses of \$15 or greater when there is no receipt and one would normally be available. Tips and gratuities should be added to the documents supporting the expense, e.g. taxi receipts, etc.

If a required receipt or reasonable substitute is not submitted, the reimbursement request may be rejected. The expense should be resubmitted in a later period accompanied by appropriate support.

When an expenditure is unusual in type or amount, an explanation should be included on the expense report or attached to the supporting receipt. When expenditures require approval, evidence of that approval should be attached to the supporting receipt and a notation of that fact should be included on the expense report.

Reimbursable Travel Expenses

The following travel expenses, when reasonable and properly substantiated, are reimbursable:

- Air or train travel at the lowest coach or economy fare available;
- Taxi fares;
- Hotel or other lodging costs;
- Meal costs;
- Gratuities;
- Laundry and dry cleaning for travel requiring four (4) or more consecutive nights away;
- Mileage to and from work or outside events is generally not paid. In circumstances where an employee is required to travel to remote offices outside the employee's normal work locations, the Company may reimburse for mileage subject to the Expense Reimbursement and Travel Policy. Mileage reimbursement is intended to cover mileage in excess of an employee's normal commute.

When round trip travel in excess of one hundred and fifty (150) miles is anticipated, the Company suggests that the employee utilize a rental car, rather than using a personal vehicle;

- Rental car costs; and
- Parking charges and tolls.

Non-Reimbursable Expenses

The following are examples of expenses which will not be reimbursed by QDP:

- In-room movies or video games;
- Thefts of personal property from an automobile, hotel room, or office being used for business (this expense should be covered by an individual's personal insurance);
- Laundry and dry cleaning for travel requiring fewer than four (4) consecutive nights away from home;
- Newspapers and magazines;
- Apparel purchases;
- Traffic tickets;
- Car washes, oil changes, and other maintenance or repair services for personal or rental cars;
- Damage to a personal or rented automobile being used for business resulting from negligence and otherwise not covered by insurance;
- Flight or rental car insurance (all employees are covered under the Company's policy)
- Personal entertainment;
- Memberships in airline clubs, except as approved by a senior executive;
- Briefcases, garment bags, suitcases, or computer bags;
- Unreasonably costly expenditures (e.g., expensive wines and liquors, meals at very expensive restaurants) except where justified by extenuating circumstances and approved by the CEO;
- Substitutions (e.g., if lodging is provided by a friend or relative, the hotel allowance cannot be used for other purposes) except where authorized by your supervisor; and
- First-class upgrades.

Air Travel

Tickets should be purchased as early as possible, but generally at least fourteen (14) days in advance when advance travel information is available. Cost of travel on short notice should be authorized by your immediate supervisor. Every effort should be made to acquire tickets at the lowest fare possible, but use common sense when booking flights, as the lowest fare may not make the best business sense. Use of airlines, e.g. Southwest, that provide full credit for unused travel should be preferred over airlines that penalize cancellation of travel booked in advance.

All travel should be limited to coach/discount class; any upgrade on first-class travel is a personal decision and a personal expense. When a number of individuals are traveling to the same destination, good judgment should be used to limit the number traveling on the same airplane.

Alternative Travel Itineraries

The use of alternative travel itineraries does not create reimbursable funds that can be spent as desired. Travel typically occurs Monday through Friday to meet business requirements, yet it may be necessary for the traveler to use an alternative travel itinerary to gain some flexibility on weekends that coincide with business travel. When the cost of such travel is less than or equal to the fare that normal travel would have required, the following reimbursable options apply:

Saturday night stay: With prior approval by a supervisor an employee may depart one (1) or two (2) days early or stay one (1) or two (2) extra days after business travel. The assumption is that the airfare will be less expensive due to the Saturday night stay. In this case, the total cost of the trip (including the cost of potential additional hotel nights) must be equal to or less than the expected cost of the trip on the day one would normally have traveled. Any excess cost is to be treated as a personal expense.

Weekend stay at business location: If required on a Saturday and Sunday to stay at the work location as a business requirement, the Saturday and Sunday expenses are the same as any other business day. The typical hotel, meal, and incidental expenses apply. Other costs incurred over the weekend or, unless approved in advance, such as entertainment or sports and cultural events are personal expenses.

Travel to a location other than home: When an employee is entitled to travel home for the weekend, travel to another alternate location is permissible if the roundtrip transportation does not exceed the cost of traveling to and from home for the weekend. QDP will not reimburse costs other than the travel cost (i.e., airfare, train).

Travel of a spouse to a work location: If required by a QDP function to have a spouse travel to the work location, QDP will reimburse the travel costs of the spouse and direct costs associated with the trip, including ground transportation, mileage, parking, entertainment, spouse meals, etc.

Other travel cost considerations: When special promotional or other discounted fares are available subject to travel restrictions and penalties for cancellation or change, the probability of cancellation or change should be weighed against the amount of the discount, the size of the penalty, and the likelihood of future ticket use. Change fees for non-refundable airfare tickets and airfare standby fees are reimbursable expenses. When the original flight plan can be completed without additional fees, changes that result in substantial additional costs should be avoided.

Reimbursement of airfares: Ordinarily a request for airfare reimbursement should be made only after travel has occurred. However, when advance purchase is required and the credit card payment is due for the charged airfare, reimbursement may be requested before travel has occurred. If travel does not take place as planned, the cost of reimbursed tickets should be applied against future business travel.

Frequent-flyer award programs: QDP allows its employees to earn points, miles, etc. through business travel which can then be used at the employees' discretion. QDP does not reimburse employees for the use of frequent-flyer miles or points to acquire airline tickets or hotel rooms used for business purposes. Each

airfare should be booked on the carrier that provides the most cost-effective service for such trip, regardless of a potentially more expensive flight on a favored “frequent flyer” carrier.

Employees may use frequent-flyer miles or points to upgrade from a reimbursable class of service to a higher class of service, as long as this is consistent with obtaining the lowest coach or economy fare available. Where there is a monetary cost for upgrading (e.g., a charge to upgrade when a higher fare basis is required) such costs are a personal expense for employees.

Membership dues in frequent-flyer and similar award programs (e.g. Diners Club Rewards) or airport lounges are a personal expense and are not reimbursable.

Automobile Travel; Mileage, Parking, and Tolls

QDP will reimburse reasonable parking costs, tolls, and actual mileage driven at the IRS business mileage rate when it is necessary for an employee to travel by personal vehicle (leased or owned) for business purposes. Where practical, two (2) or more persons should travel in the same vehicle when several individuals are traveling to the same location. For airport parking, QDP will reimburse for long-term parking expenses. Good judgment should be used for daily parking for business purposes. Use of short-term or valet parking should be for emergencies only.

Rental Cars

Use of Cell Phones While Driving: The Company’s policy regarding the use of cell phones while driving uniformly applies to all employee car travel while on business, including rental cars.

Accident procedures: If you are involved in an accident and the vehicle is damaged, or if the vehicle is vandalized or stolen, you must notify the rental company and local police immediately. Failure to notify both the car rental company and the police may negate some or all of the insurance benefits contained in QDP insurance coverage. Always request a copy of the police and accident report. Keep all reports and paperwork from the incident in addition to the original rental agreement. The CFO, or his or her designee, should be notified as soon as possible regarding any auto accident that occurs during business.

Permissible car types: Employees renting for business should not rent a car larger than a full size or mid-size four door, unless the number of persons traveling or transportation of large equipment requires a larger car. When traveling alone, employees should select the most economic option.

Refueling: The fuel purchase option should be declined since full use of a full tank of fuel will be rare. Rental car company charges for refueling the car upon return are extremely expensive. Employees should make every effort to refuel the car before returning it as long as a safe refueling option is available. Chronic use of the rental car refueling option could result in denial of reimbursement and employee disciplinary action.

Lodging

Reimbursable lodging includes the cost of a room and related taxes. Safe, clean, economical and convenient lodging locations are our primary objective. Lodging rates should be reasonable for the area in which you are staying. Expense reports including hotel stays will need the detailed hotel receipt and not just the credit card receipt with a total. Deduct non-reimbursable expenses from the total when reporting on expense reports and report meals and other reimbursable items in the appropriate category. Reimbursable lodging does not include lodging provided by relatives, friends, etc. in lieu of using a hotel.

Hotel reservations should be made as far in advance as travel plans allow. Unnecessary fees should be avoided by confirming cancellation and early check-out policies when booking and by complying with those policies.

Other out-of-town expenses

Meals: Meal expense while traveling on Company business is reimbursable. Employees are reimbursed for actual meal costs not to exceed, on average, \$60 per day per person when traveling on an out of town business trip. Employees will be reimbursed for business meal expenses when a physician prospect or associate is entertained according to actual and reasonable cost. If you purchase a meal where others are present, you need to list the names, titles, company, and business reason for the meal on the receipt to meet IRS and QDP documentation requirements. **Detailed receipts are required for reimbursement, not just the credit card voucher.**

Expensive meals including cocktails or wine should be reserved for entertaining new or existing physicians, providers, and others where the QDP benefit justifies such expenditure.

Telephone calls and internet access: Long-distance calls should be placed with cellular service. Access to the internet is often free at hotels; however, the Company will reimburse reasonable fees charged for business use of the internet when free options are not available.

Laundry and dry cleaning: QDP will reimburse reasonable amounts of laundry and dry cleaning costs, only if the out-of-town assignment is four (4) or more consecutive nights. Where the length of an assignment requires the regular use of laundries and dry cleaners, the employee should seek independent establishments outside of the hotel facilities to minimize costs.

Gratuities: Gratuities paid while out of town on business are reimbursed based on actual amounts expended. Gratuities are normally identified separately when paid to bellmen or airport porters. Gratuities for meals and taxis are normally included as expenses for these categories. The following are reasonable gratuities by category:

- Meals 15%
- Luggage assistance \$1 per bag
- Taxi rides 10%

Conferences and Training Sessions

Fees associated with employee attendance at conventions, meetings and seminars sponsored by outside organizations are reimbursable, with approval from the employee's immediate supervisor.

IRS rules require that the company report separately the cost of meals associated with such events. Meals will be reimbursed only when documentation is provided to confirm that no provision was made at the conference or training session to provide for such meal.

Compensable Time for Hourly Employees

Commute time: Time spent commuting before or after work, between home and the employee's first or last work-location of the day, is considered ordinary commute time. This is true whether the employee works at a fixed location or at different job sites. Ordinary commute time shall not be considered "hours

worked”, or compensable work time under the Fair Labor Standards Act (FLSA), and does not count toward the accumulation of hours for determining overtime.

Extended Commute Policy: In certain instances, some travel to remote offices may be required by the Company. If a non-exempt employee is asked to travel to a remote location for work utilizing company-provided transportation, the time spent in traveling from the meeting point to the remote location and back (round-trip) will be considered “hours worked” and compensable work time. While on assignment at a remote location, employees are still required to clock out for lunch breaks.

If a non-exempt employee is asked to travel to a remote location for work utilizing their own transportation, the time spent in traveling to and from the remote location (round-trip) will be considered “hours worked” and compensable work time, except that QDP may deduct/not count that time the employee would spend in ordinary commute time to his or her regular work site. Additionally, mileage is reimbursable according to the Expense Reimbursement Policy.

Exempt employees are not eligible for extended commute time compensation; however, mileage is reimbursable according to the Expense Reimbursement Policy.

Overnight Travel Policy: If a non-exempt employee is asked to travel away from home overnight for work, time spent travelling will be considered “hours worked” and compensable work time when the travel occurs during regular working hours on normal workdays, as well as during corresponding hours on non-working days. For example, if an employee normally works Monday-Friday 8AM-5PM, time spent travelling for overnight travel during those workweek hours would be compensable, as would any travel occurring 8AM-5PM on Saturday or Sunday. Note, however, that time spent in travel away from home outside of regular working hours (in our example, before 8 AM or after 5 PM on any day) as a passenger on an airplane, train, boat, bus, or automobile will not be considered “hours worked” or compensable work time.

Cellular and Wireless Service

Employees are expected to use good judgment when traveling. This includes adherence to local laws and regulations with respect to cell phone usage. Our employees’ safety is our primary concern. Please do not create an unsafe environment by texting or utilization of cell phones while you are driving. An employee whose job duties and responsibilities require them to be available by cell phone may be reimbursed for usage of their personal cell phone. Reimbursement is a fixed amount per month based upon an employee’s position, not to exceed actual costs, per the following:

- Senior Management up to \$125 per month
- Other Approved Users up to \$100 per month

A copy of the monthly bill demonstrating the cost of the cellular service should be submitted to support reimbursement. It is not necessary to break out personal use of the cellular service under this policy so long as the maximum reimbursement is not exceeded. Carryover of unused maximum on a monthly basis is not permitted.

Please do not set up personal cell phone bills on auto pay with company credit card.