

**CORBAN UNIVERSITY**  
**Financial Management Policy and Procedure Handbook**

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## Welcome!

The employees and Board welcome you to the team at Corban University.

It is a privilege for the entire campus to work together as a team for the LORD.

Corban, wanting to model and reflect the teachings of Christ at all times, is committed to the highest standards of ethical, moral, and legal conduct. The Board has approved this Handbook to establish policies and procedures intended to ensure proper handling of the University's financial transactions, along with communicating to employee, faculty and volunteers its policies and expectations. Depending on your role within the University, some areas may not be applicable to you. If you have any questions regarding your responsibilities, or need clarification on any material in this Handbook, please contact your immediate supervisor.

Please read, understand, and comply with all provisions of the Handbook. It describes many of your responsibilities as a team member, and violation of these policies is grounds for disciplinary action, up to and including termination of employment or volunteer service.

Please thoroughly familiarize yourself with the contents of this Handbook and help ensure that all of Corban's financial management policies and procedures are administered as consistently and fairly as possible. Please note, however, this Handbook and the policies and procedures it contains may be revised by Corban at any time, with or without notice, as the Board may determine is in the best interests of Corban. Nothing in this Handbook is intended to create contractual obligations on the part of Corban to any person or entity, nor should it be relied upon for that purpose.

In our work together as a team our goal is to have a heart for people while we fulfill Jesus' command:

*"...go and make disciples of all the nations, baptizing them in the name of the Father and of the Son and of the Holy Spirit, and teaching them to obey everything I have commanded you. And surely I am with you always, to the very end of the age"*  
(Matthew 28:19–20 NIV).

God bless you.

Sheldon C. Nord, Ph.D.  
President

# General Provisions

## Handbook Conventions

This Handbook contains the basic financial management policies, practices, and procedures for Corban. It applies to all of Corban's employees, volunteers, contractors, and consultants, whether full-time, part-time, or temporary. (All such persons are referred to in this Handbook as "team members.")

As used in this Handbook:

- A. The words "shall" or "will" are understood to be mandatory in nature, and the word "may" as permissive in nature;
- B. The masculine gender includes the feminine gender; and
- C. "Supervisor" means an individual with the authority to assign, direct, and review the work of two or more subordinates.

## AVP for Finance

Corban's Associate Vice President for Finance/Controller (AVP for Finance) is responsible for fair and consistent enforcement of Corban's financial management policies and procedures. The AVP for Finance advises the other employee as directed by the Board on all matters concerning financial management. The AVP for Finance provides employee assistance to supervisors and department heads in developing, communicating, and carrying out Corban's financial management policies and procedures.

## Human Resource Records

Corban maintains an Employee Handbook. The Financial Management Handbook complements the information contained in the Employee Handbook and in matters in question the Employee Handbook supersedes the Financial Management Handbook.

Corban maintains human resource records for applicants, employees, and past employees to document employment-related decisions, evaluate and assess policies, and comply with government recordkeeping and reporting requirements. Corban strives to balance its need to obtain, use, and retain employment information with each individual's right to privacy. To this end, it attempts to restrict the human resource information maintained to that which is necessary for the conduct of its operations or which is required by federal, state, or local law.

Each employee's signed acknowledgment of this Handbook will be kept in their personnel record, along with documentation of any actions taken to enforce this body of policies and procedures.

Employees are responsible to make sure their human resource records are up-to-date and should notify the Human Resources in writing of any changes in at least the following:

1. Name;
2. Address;
3. Telephone number;
4. Number of dependents;
5. Beneficiary designations for any of Corban's employee benefit plans;
6. Addresses and telephone numbers of dependents and insurance beneficiaries; and
7. Persons to be notified in case of emergency.

Employees may inspect their own human resource records in the presence of the appropriate University employee and may copy, but not remove, documents in the file. Such an inspection must be requested in writing to the appropriate University employee and will be scheduled at a mutually convenient time during regular office hours. Documents obtained in connection with investigations of a possible criminal offense, ratings, reports, or records that were obtained prior to the employee's employment, documents prepared by identifiable examination committee members, or documents obtained in connection with a promotional examination may be withheld from the employee's inspection.

Employees who feel that any file material is incomplete, inaccurate, or irrelevant may submit a written request to the appropriate University employee member that the files be revised accordingly.

### **Corban Ownership of System Contents**

All information systems are the property of Corban and are provided to enable users to carry out their duties of employment and volunteerism. All messages sent or received by employees on Corban's information systems are and shall remain the exclusive property of Corban. To ensure that its systems are dedicated to University purposes and are secure, Corban maintains the right to monitor all information systems and their use. Those using Corban systems should not have any expectation of privacy in their use or in anything which is created or maintained on them.

## **General Financial Management**

### **Financial Integrity**

It is Corban's Board policy that all accounting and financial management be done with integrity, fulfilling the command of Jesus, the Light of the World, when He said, "let your light shine before men, that they may see your good deeds and praise your Father in heaven" (Matthew 5:16 NIV).

### **Independently Prepared Financial Statements**

The Board has determined that Corban's financial records will be audited annually by an independent, licensed CPA. Requests for audited financial statements or financial information should be made to the AVP for Finance.

### **Financial System Security/Access**

To protect the confidentiality of Corban and our contributors, all financial records are safeguarded. The accounting system is protected with appropriate passwords and all physical records (hard copies of invoices, checks, etc.) is kept in a secured area. Only authorized individuals should have access to view the accounting system, and only those authorized should be able to make changes to the data in the system.

### **Insurance**

Corban desires to provide a safe environment for employees, volunteers, and guests alike. Recognizing that accidents may happen, Corban strives to maintain appropriate insurance coverage commensurate with the degree of risk and financial resources of the institution. Injuries involving an employee, student or guest as

well as auto or property damage should be reported to Campus Safety and requires the completion of an incident report.

*General Liability Insurance* – A commercial liability policy typically covers damage from accidents involving non-employees injured on Corban’s property. On occasion, a Certificate of Liability is requested by a vendor. These requests should be directed to the Business Office.

*Workers’ Compensation Insurance* – A workers’ compensation policy replaces lost wages and covers medical costs to employees injured by workplace accidents.

*Directors and Officers Insurance* – A D&O policy shall protect Corban’s Board of directors and officers during lawsuits alleging fraud or financial mismanagement by providing defense costs and some damages. The policy should not exclude employment-related claims.

*Other Insurance* – When appropriate or required by law, Corban will also obtain property, auto, product liability, unemployment, and/or professional liability insurance.

## **Embezzlement**

Corban’s policy is to investigate all suspicions of embezzlement. If evidence is found supporting the suspicion of embezzlement by any individual or individuals, that information will be turned over to local law enforcement and to Corban’s insurance carrier. The Board is to be made aware as soon as possible of any suspicion of embezzlement.

## **Fiscal Year**

Corban’s fiscal year runs from July 1 through June 30.

## **Accounting Method**

Internal financial statements may be presented on a modified cash basis to help in leadership’s decision-making processes. Modified cash means that most receipts and expenses will be processed on a cash basis. Payroll and receivables, however, will be processed on an accrual basis. Income and expenses are recorded in the year the product was received, service was rendered, or the event took place.

Corban requires year-end audited financial statements to be presented in accordance with generally accepted accounting principles (GAAP). Conformance with GAAP is also required on the quarterly financial reports provided to the bank.

## **Financial Statements**

Corban’s financial statements are to simply and effectively communicate Corban’s financial position to employees, donors, and others as may be appropriate and required. Management will provide information as needed.

*Timeliness* – Corban’s financial statements should be completed and distributed monthly. When extenuating circumstances occur (such as short staffing due to vacation or turnover), this policy may be temporarily modified for one month at a time by the AVP for Finance.

*Required Report* – Minimally, Corban’s financial reports will include:

- Statement of Financial Position (balance sheet) and Statement of Activity (income statement) showing the current period with prior year comparison, and
- Budget variance report showing the current period and year-to-date budget performance.

These reports, when presented to the Board, should be presented with a summary statement cover sheet that includes remarks on significant budget variances, cash position, and overall financial health of the University.

*Distribution* – Corban’s financial statements should be distributed to:

- The Cabinet, Finance Committee and the Board as a whole, and
- Department heads and budget managers reflecting only their areas of budgetary responsibility.

## **Government Tax Requirements**

Our fiscal policy is to obey Jesus’ mandate in Matthew 22:21 in which He said that we are to “give to Caesar what is Caesar’s.” At the same time, the Board wants to minimize the taxes governmental authorities require of Corban.

*Payroll Tax* – All payroll tax deposits will be paid in accordance of IRS requirements.

*Garnishments* – All garnishments shall be withheld from employee wages and remitted to the appropriate state agency according to the garnishment order subject to federal and state garnishment limits.

*Unrelated Business Income Tax (UBIT)* – Corban will file IRS Form 990-T whenever required, and any state or locally required forms when unrelated business gross income is received above the reporting threshold.

*Property Tax* – All property taxes levied will be paid when due. Properties owned and/or used by Corban should be removed from the property tax rolls through appropriate authorities and processes whenever permitted. Any disposition of personal property should be reported to the Business Office prior to disposition.

*Sales/Use Tax* – Sales and use taxes should be paid in accordance with appropriate state and local regulations.

## **Cash Management**

### **Petty Cash**

The purpose of petty cash is to satisfy those situations when there is an immediate need for cash due to timing or vendor policies. Corban’s preferred method of payment is always following our disbursements policies. Petty cash may not be used for loans to team members or for personal use.

*Petty Cash Funds* – Two petty cash funds are authorized for the University: Athletics and the Business Office. The balance in these funds will be determined in writing by the AVP for Finance.

*Procedures* – The AVP for Finance will identify an individual to be the custodian responsible for the petty cash fund. This custodian must submit Petty Cash Log & Reconciliation forms to the Controller at least monthly.

*Disbursements* – All disbursements must include a receipt or signed cash-advance voucher. These must document the recipient of the petty cash funds (individual and/or department), the amount and date of the transaction, the business purpose for which the funds were used, and the recipient’s signature.

*Replenishment* – The petty cash fund will be replenished during the month-end reconciliation. The fund may be replenished more often if needed, and each replenishment must include a Petty Cash Log & Reconciliation form.

## **Check Cashing**

Corban is not to serve as a check-cashing resource for any employee, volunteers, members, constituency, or others.

## **University-Provided Credit Cards**

The AVP for Finance must authorize all new credit cards issued. In certain cases, Corban may provide a team member with a University credit card. The team member must provide monthly receipts for each expenditure with a written purpose of the expenditure on the receipt. Expenditures must have the prior approval of the team member’s supervisor. Copies of receipts must be turned in to the Accounts Payable Specialist by the 7<sup>th</sup> of the following month unless other arrangements have been made in advance. Personal charges *are prohibited* on any Corban charge accounts. Any non-University or unauthorized expenses will be the team member’s personal responsibility. See Appendix for Expense Reimbursement Policy.

## **Activity, Event, & Retreat Cash Advances**

Activity, event, and mission trip cash advances must be approved by the requestor’s supervisor, and must be accounted for according to Corban’s Accountable Reimbursement Plan. See Appendix for Accountable Reimbursement Plan included in the Expense Reimbursement Policy.

## **Net Assets/Restricted Gifts**

“Net assets” are the not-for-profit organization accounting term for equity. Net assets are the difference between the assets and liabilities. Not-for-profit organizations report three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Temporarily and permanently restricted net assets are stated based on the existence of donor-imposed restrictions. See Advancement for complete Gift Acceptance Policy.

## **Permanently Restricted Net Assets/Gifts**

Permanently restricted gifts, such as endowments, whose equity can never be spent may only be accepted with the prior approval of the Board. At that time, the Board will determine whether the donor’s designated purpose for the gift is in agreement with Corban’s mission and purpose, and if accepted, how the gift will be managed. Note that fees may be charged for administration of these funds.



## **Temporarily Restricted Net Assets/Gifts**

Temporarily restricted gifts — those given with a specific purpose restriction or duration— may only be accepted for designations established by the Gift Acceptance Committee. Gifts given for purposes that the Board has not established must be handled in the following manner:

1. The gift must not be deposited, but rather be held for action by the Gift Acceptance Committee.
2. The Advancement Team will contact the donor in a timely manner and ask the donor if they—
  - a. would be willing to designate the gift for an already-established restricted or unrestricted purpose, or
  - b. want the gift returned.

If the donor insists on restricting the gift for an unapproved purpose, the donor may elect to have it returned to them or be presented to the Cabinet for a final determination.

## **Designated Net Assets**

When the Cabinet or Board chooses to designate amounts from unrestricted net assets for purposes such as carryover fund from a current year, building repair reserves, etc., these will be categorized in the Unrestricted Net Assets section of the financial statements under the heading: Designated.

## **Annual Budget**

The Board has determined that an annual budget is required to help Corban achieve its mission and goals and to achieve the best possible stewardship. The budgeting process will help ensure that each expenditure is driving Corban closer to its targeted goals and accomplishing its mission.

### **Timing & Oversight**

The AVP for Finance is responsible to:

- meet with the Cabinet to discuss budget goals and procedures at least annually,
- meet with Department Heads and Deans to discuss budget procedures,
- communicate any changes in the proposed budget to team members, and
- monitor and report on budget performance throughout the year.

The budget process for the next fiscal year is to begin in October prior to the end of the current fiscal year, and should be completed and presented to the Board at the May Board meeting.

### **Process**

Each year the budget should be approached freshly, as though this was Corban's first year (zero-based budgeting). This will help avoid continuing programs and activities that do not help the University achieve its goals or fulfill its mission. The budget process is as follows:

1. Each person responsible for a Cost Center shall prepare a Budget Worksheet detailing each income and expense in their area—including events and activities—and the month it should occur. Each expense should be justified with respect to Corban's mission, stating it was done previously will not

be considered acceptable justification. The Budget Worksheet should be submitted to the appropriate supervisor with documentation for approval.

2. Once the Budget Worksheet has been approved, the department head will prepare a Departmental Budget Summary for his entire department for presentation to the AVP for Finance.
3. The AVP for Finance will present the budget to the Financial Stewardship Team for review and feedback.
4. The AVP for Finance will then prepare a draft budget based on all Departmental Budget Summaries for presentation to the Finance Committee no later than 30 days prior to the May Board meeting.
5. The Finance Committee will make a recommendation to the Board to approve the budget.

### **Activities, Events, & Retreats**

All activities, events, and mission trips are to be self-funding unless agreed to in advance through the budget process. This means budgeting realistic income as well as expenses for each event, and tracking income and expenses separately in the general ledger (versus tracking the net).

## **Income**

### **Contributions & Gift Handling**

When receiving and handling cash contributions:

- A. There should be a minimum of two people pre-approved by the AVP for Finance with the contributions and gifts at all times.
- B. The contributions and gifts need to be counted in a secure area.
- C. The Contribution/Receipts Log and Deposit Form should be completed in ink and signed by each counter present.
- D. The cash portion should be given to the Business Office within one business day and deposited in the bank at least once per week (or when material) to minimize the risk of loss, and the check portion should be deposited as soon as possible to allow them to be used in the posting process.
- E. Cash received should never be used to cash checks or pay for expenses, but should, instead, be deposited in full.

In addition, the following policies apply to the handling of received income:

1. Income should not be stored in any portion of Corban's premises other than the safe.
2. All of the income received through any process (contributions, fees, registrations, sales, etc.) should be sealed with supporting documentation (deposit forms, etc.) in an appropriate pouch and delivered to the Business Office immediately.

## **Transportation of Deposits**

To protect Corban's employees and volunteers, contributions and sales must be handled in the following manner:

1. Anytime money is being transferred, whether on-site or off-site, a minimum of two people should be involved.
2. If deposits are made without benefit of an armored car, the procedures are:
  - a. The deposit will be placed in a common container that does not allow others to see its contents.
  - b. The deposit will be transported by a Campus Security officer.

## **Noncash Gifts (Gifts-in-Kind)**

All noncash gifts (gifts-in-kind) must be approved by the Gift Acceptance Committee before Corban accepts them (refer to Corban Gift Acceptance Policy).

When noncash gifts are received, they are to be acknowledged in writing, but never assigned a value in the acknowledgement. An approximate value should be obtained for internal accounting purposes. If a noncash gift is given to Corban with an assessed value above \$5,000 (excluding publicly traded securities), the AVP for Finance will complete Part IV of Section B on IRS Form 8283 for the donor. If Corban disposes of any gift for which an 8283 was issued within three years of the contribution date, the AVP for Finance will complete IRS Form 8282 and send it to the IRS and to the donor. A record should be kept of all noncash gifts received and their disposition.

## **Stock Gifts**

When Corban is given stocks or bonds, they must be in Corban's name before Corban will receive them. Corban will initiate the sale of the stock on the next trading day.

## **Pledges**

Because pledges can have accounting implications based on their wording, all materials referring to pledges must be reviewed by Corban's AVP for Finance.

## **Vehicles**

Corban is not willing to accept donated vehicles for resale.

## **Gift Acceptance Policy**

The Board has adopted a Gift Acceptance Policy, which all employees who receive donations are responsible to understand and follow. A copy of the policy is provided to the Advancement Department.

## **Real Estate**

Gifts of real estate can carry with them hidden costs, of which even the donor may not be aware. Corban does not normally accept gifts of real estate. Rather, we encourage the donor to sell the property and make a gift of the net proceeds. A copy of the process for accepting real estate may be obtained from the Advancement Department.

## **Statements & Receipts**

To comply with federal regulations, Corban acknowledges in writing all gifts received. All receipts and statements for the previous year will be sent to the donor by January 31<sup>st</sup>. Donations will be acknowledged including contributions from a Qualified Charitable Distribution or Donor Advised Fund but will **not** indicate that it is a tax deductible contribution.

## **Contributions Received on Business Checks**

Gifts received on business checks of any kind are to be credited to the business and never to an individual.

## **Checks Received for Non-Exempt Purposes**

Fees paid for events, golf memberships, registrations, etc. in which the person paying the fee received a benefit—directly or indirectly—are not tax-deductible and will not be included on contribution statements. Events in which a portion of the amount received is a tax-deductible contribution will be stated as such in advance, and the donor's contribution statement will only state the deductible amount as such. These types of gifts must be arranged through Advancement and the AVP for Finance prior to the event.

## **Fundraising/Donor Development**

Any onsite sales or fundraising appeals require the prior approval of the Gift Acceptance Committee. Requests will only be considered for projects, organizations, or individuals sponsored or supported by Corban.

## **Corban List Privacy**

Corban lists will not be given, rented, or sold to any outside individual or organization. Any activity by outside individuals or organizations discovered to be using a Corban list will be responded to in writing by the AVP for Finance requesting they stop using our list entirely and demonstrate proof they have done so.

## **Compensation for Fundraising**

Corban will not compensate employees or outside consultants for fundraising efforts on a percentage or benchmark basis.

## **Sales and Related Inventories**

Any department that wants to sell items needs to have the prior approval of the AVP for Finance. Issues that must be addressed are procedures for tracking sales and purchases (see Sales Log, Monthly Perpetual Sales Inventory Log, and Physical Inventory Count forms).

## **Rental Income**

Corban may allow the use of its properties, facilities, and equipment for groups or special events when in agreement with our stated purpose, mission, or Corban's zoning use permit. This process is managed by the University Services Committee (USC). Fees will be charged on a case-by-case basis in accordance with the Facilities Use Agreement. For a copy of this Agreement, please contact the USC. Any group or individual

using Corban's properties, facilities, or equipment is responsible for scheduling the setup and cleanup for the event unless other arrangements were made in advance. Damages and/or breakages incurred must be reimbursed by the group or individual using the property, facility, or equipment.

*Property & Facility Use Fees* – Unrelated business income tax (UBIT) and property tax regulations, if applicable, will be considered when setting property and facility use fees.

*Events (Weddings, Funerals, etc.)* – Corban does not generally support the use of the campus for weddings or funerals.

## **Disbursements**

**Corban authorizes employees to spend University resources on behalf of the University for business purposes only. An Expense Reimbursement Policy is included in the Appendix which outlines Corban spending guidelines.**

### **Accounts Payable**

*Check-Processing Schedule* – Accounts payable checks will be processed once each week according to a regular schedule. To facilitate accounts payable work flow, completed approved check request forms should be submitted to Financial Services throughout the week, and no later than noon the week before the scheduled check run. Although strongly discouraged, exceptions to this policy, if approved, must have the AVP for Finance signature on the check request form authorizing the off-schedule payment.

*Vendor Forms W-9* – Completed Forms W-9 (available for download at [www.irs.gov](http://www.irs.gov)) will be required from all vendors, independent contractors, and honorarium recipients. Payments cannot be made until a completed Form W-9 is on file in Corban's vendor file.

*Vendor-Specified Terms* – The Board, wanting to protect the name and reputation of Christ's work on Earth, expects all invoices to arrive at the invoicing vendor's remittance address no later than the vendor's due date. Corban's policy is to pay invoices by their due date, as stated, but not immediately upon receipt unless that is the only way to satisfy the vendor's terms. If, for some reason, satisfying the vendor's terms is not possible, the AVP for Finance should be notified and the AP team should make alternative arrangements with the vendor.

*Required Documentation* – All Check Request forms must be signed by the authorized person responsible for the expense being charged. In addition, the check request must have supporting documentation such as an invoice, receipt, or other written document. Exceptions due to international travel must be approved by the AVP for Finance.

### **Payroll**

*Pay Periods* – Corban pays employees by check or direct deposit on a semi-monthly basis and in a manner so that the amount, method, and timing of such payments comply with any applicable laws or regulations. All employees are normally paid on the first and the sixteenth of the month. Salaried and hourly employees are paid one week in arrears of the pay period (25<sup>th</sup> – 9<sup>th</sup>, 10<sup>th</sup> – 24<sup>th</sup>); Faculty are paid on the first day of their pay period (1<sup>st</sup> – 15<sup>th</sup>, 16<sup>th</sup> – 31<sup>st</sup>). If the regular payday occurs on a Saturday, Sunday, or holiday, employees will be paid on the last working day prior to the regular payday.

### *Timesheets*

All non-exempt employees (so identified by the Human Resource Officer) are required to complete an individual time record showing the daily hours worked. Time records cover the pay periods defined above, and must be completed by the end of the pay period through the electronic EWS system (by 9:00 am the next business day). Because time records are legal documents, their falsification can result in discipline, up to and including termination. The following should be considered in filling out time records:

- A. Employees must record their total work or paid leave/holiday hours and affirm if they took their required lunch by the end of each pay period;
- B. Employees are not permitted to alter their work schedule without the prior approval of their supervisor;
- C. Employees are required to take meal or rest breaks when appropriate;
- D. Employee time records will be checked and approved or corrected by the supervisor involved. Unworked time for which an employee is entitled to be paid (paid absences, paid holidays, or paid vacation time) should be reported by the employee in the electronic EWS system and approved by the Supervisor.

Exempt employees (so identified by the Human Resource Officer) are not required to fill out hourly time records but must account for daily attendance. In addition, exempt employees will not normally receive overtime compensation.

### *Reporting*

It is the AVP for Finance's responsibility to ensure that all government-required forms are accurately completed and submitted to the proper governmental authorities by their required due dates. It is also the AVP for Finance's responsibility to ensure that all payroll taxes are transferred to the appropriate authorities by their required due dates.

### *Employee Payroll Advances*

Employees may request salary advances for extreme emergencies. Requests should be made to the Payroll and Benefits Coordinator.

### *Accrued Vacation*

Unused accrued vacation will be calculated annually and recorded in the Liability section of the Statement of Financial Position (Balance Sheet).

### **Gift Cards**

Corban does not give gift cards to employees or to volunteers since all recipients must have the grossed-up gift card value reported on Form W-2. Doing so for volunteers may legally turn them into employees.

## Employee Expense Reimbursements

### *Accountable Reimbursement Plan*

Corban has adopted an accountable expense reimbursement policy pursuant to Treasury Regulations §1.162-17 and §1.274-5T(f). This policy makes it legally possible for Corban to reimburse legitimate approved expenses to employees without having to show the expenses as taxable income. The following are the terms of our accountable reimbursement policy:

- A. Corban employees will be reimbursed for ordinary and necessary business and professional expenses incurred on Corban's behalf, if the following conditions are satisfied:
  - a. the expenses are reasonable in amount;
  - b. the employee documents the amount, time and place, business purpose, and business relationship of each person or persons entertained with the same kind of documentary evidence that would be required to support a deduction of the expense on the employee's tax return (receipt copies are required; oral or employee-written statements will not qualify);
  - c. the employee documents such expenses at least monthly by submitting a Monthly Expense Reimbursement Request form that has supporting documentation attached— an expense will not be reimbursed if submitted more than sixty (60) days after the expense is paid or incurred by the employee.
- B. Reimbursements will be paid out of Corban funds and not by increasing compensation by the amount of the reimbursements.
- C. Examples of reimbursable and professional expenses may include local transportation, overnight travel (including lodging and meals), books and subscriptions, education, and professional dues.
- D. Corban will not include as taxable income any business or professional expense reimbursement properly substantiated and reimbursed according to this policy, and the employee should not claim the amount as business expense on his tax return.
- E. Any advance or reimbursement by Corban that exceeds the amount of business or professional expenses properly accounted for by an employee according to this policy must be returned to Corban within 14 days after the associated expenses are paid or incurred by the employee, and will not be retained by the employee.
- F. Under no circumstances will Corban reimburse an employee for business or professional expenses incurred on its behalf that are not properly substantiated according to this policy.
- G. All receipts and other documentation from an employee to substantiate reimbursed expenses under this policy will be retained by Corban.

The complete Expense Reimbursement Policy is found in the Appendix.

### *Automobile Usage*

All vehicle-related expenses (gas, repairs, insurance, etc.) for corporate vehicles will be paid by the University. However, employees are expected to exercise care in ensuring required maintenance is performed on the vehicle and to notify the Facilities Project Manager if the vehicle is damaged, defective, or in need of repair.

Generally, vehicles may not be used for personal purposes. However, for vehicles assigned to a specific employee, the employee must maintain a log of personal and business miles. At the end of each calendar year, the Payroll Specialist will determine the value of the non-business miles, and will add the value of the employee's driving corporate vehicles for personal use to the Form W-2 compensation.

It is **prohibited** to operate a corporate vehicle if you are:

- under the influence of **any** alcohol, illegal drugs, or legal drugs which may adversely affect your ability to safely operate a motor vehicle;
- medically required to stop operating a motor vehicle; or
- not currently licensed by a state in the United States (or a country/territory, with which the United States has reciprocity with) to operate a motor vehicle.

**I understand that I may be liable for any accidents while the vehicle is being used or parked for personal use.**

**x** \_\_\_\_\_

**I understand that I am personally liable for any traffic and parking tickets as well as any other moving violations under the applicable motor vehicle laws. This includes any violations in the University's name over which the employee had control, including but not limited to, current registration and proof of insurance.**

**x** \_\_\_\_\_

## **IMPORTANT**

I have *thoroughly* read the Automobile Usage policy, understand it, and agree to follow it.

Printed: \_\_\_\_\_

Signed: \_\_\_\_\_ Dated: \_\_\_\_\_

## **Fixed Assets**

### **Inventory**

A listing of fixed assets will be maintained by the AVP for Finance that includes all assets purchased with a cost equal to or greater than the capitalization level (see the following Capitalization policy). A listing of assets that are susceptible to theft and do not meet the capitalization level will also be maintained and reviewed annually by the department (for example, notebook computers, cameras, cell phones, and instruments).

### **Capitalization**

Corban's capitalization level is \$5,000. To facilitate the budget process, it is Corban's policy to expense departmental capital purchases throughout the fiscal year, and then to reclassify them during the year-end



general ledger review to the Fixed Asset section of the statement of financial position (balance sheet). Depreciation is posted monthly.

## **Depreciation**

All assets will be depreciated monthly using the straight-line method over the asset's useful life based on the following schedule:

- Land improvements 10 – 40 years
- Building and Building Improvements 5 – 40 years
- Furniture and Equipment 5 – 7 years
- Library Books 7 – 10 years

Land is not depreciated.

## **Asset Retirement**

When a University asset is about to be retired, it may be donated to another nonprofit ministry. Employees who wish to retire an asset must notify the AVP for Finance with a description of the asset and estimated year of purchase. Any sale of University property must be approved by the AVP for Finance prior to the sale.

# Appendix

## Expense Reimbursement Policy

### Purpose

It is Corban University's policy to reimburse reasonable and necessary expenses actually incurred by employees and volunteers. This document outlines cost controls, appropriate expenditures, approval requirements and provides a consistent procedure for timely reimbursement.

### Accountable Reimbursement Plan

Income tax regulations provide that an arrangement between an employee and employer must meet the requirements of 1) business connection, 2) substantiation, and 3) return of excess payments in order to be considered a reimbursement.

This reimbursement policy is designed to meet the three requirements listed above to be considered an accountable plan. As such, the reimbursed expenses are generally excludable from an employee's gross compensation. If expenses fall outside to the accountable plan, the expense will be reported in the employee's gross compensation.

### De Minimis

The IRS recognizes De Minimis (too trivial or minor to merit consideration, especially in law) fringe benefits by considering value and frequency. If the benefit is so small as to make accounting for it unreasonable or impractical, the benefit is excluded from taxation.

#### Items that DO fall into the De Minimis category and therefore are **NON-TAXABLE**:

- Occasional use of photocopier
- Occasional snacks, coffee, doughnuts, etc
- Holiday gifts
- Occasional meal money or transportation expense when working overtime
- Flowers, fruit, books, etc., provided under special circumstances
- Personal use of a cell phone provided by an employer primarily for business purposes

#### Items that do NOT fall into the De Minimis category and therefore are **TAXABLE**:

- Cash Benefit
- Gift Certificates
- Achievement awards
- Moving expenses
- Club dues
- Employee personal use of company vehicle
- Prizes
- Gift card for volunteers
- Honorarium or stipend
- Cooperating Teacher stipends

- Musician accompaniment
- Master class instructor's fees
- Seminar leader's fees
- Speaking fees

This list is not exhaustive. Any payment or compensation of any kind will be evaluated against IRS regulations before payment or reimbursements are made.

Employees are taxed through the payroll system by adding the value of the benefit to your taxable income.

Non-Employees are taxed by the IRS directly. Corban's responsibility is to track ANY taxable expenses of ANY amount and use that information to produce 1099 forms at the end of each year. If a non-employee receives more than \$600 in taxable compensation from Corban, we will issue and submit an IRS Form 1099 to the IRS and the recipient.

The method for tracking these taxable items is done through our accounting system and requires that a W-9 be entered BEFORE payments are made.

The W-9 form is simple and common. Filling one out and submitting it to Corban does not guarantee the person will receive a 1099, but it is imperative that Corban conduct their accounting practices in such a way that there is no appearance of "paying under the table."

By being thorough and diligent with requesting and collecting W-9s, Corban shows a commitment to be honoring of the laws of the land and to Scripture.

## **Incurring Expenses**

When incurring business expenses, Corban expects individuals to:

- Exercise discretion and good stewardship of institution resources.
  - Obtain prior approval from the appropriate supervisor.
  - Be cost conscious and spend institution money as carefully and judiciously as the person would spend their own funds.
  - Obtain receipts for all expenses and submit copies of receipts with expense report. Meal expenses must include a detailed itemized receipt with listing of individual items purchased.
1. **Policy Statement:** Corban University will reimburse an employee for actual institution related travel and entertainment expenditures that are necessary in the performance of his/her assigned responsibilities. It is the intent that this policy applies to anyone (employee or non-employee) requesting reimbursement from the institution.
  2. **Authorization:** Travel approval should be obtained prior to undertaking official institution travel; otherwise, expenses are incurred at the traveler's risk. Travel related expenses and entertainment expenses require approval by the appropriate Dean, Director or other authorized supervisor. All travel and entertainment expenses incurred by a department chair or director must be approved by their immediate supervisor. Expenses by Deans and all others who report directly to a Vice President must be approved by the respective Vice President, and those expenses incurred by a Vice President must be approved by the President. The President's expenses must be approved by an appointed Board Trustee.

**Authorization Responsibilities:** It is the responsibility of those approving reimbursement to ensure that:

- a. Expenses are incurred for the benefit of or are in the best interest of the institution.
- b. Expenses are reasonable and incurred as outlined in this policy.
- c. Documentation is complete, with copies of receipts to include the name, title, and organization for each person entertained and the nature of the business discussion, meeting, etc. resulting in the reimbursable expense.
- d. Reimbursement claims are to be submitted within 14 days of incurring an expense or return from travel. Expense reports are due each month by the 7<sup>th</sup> of the following month. Per IRS Guidelines, reimbursements of expenses that are more than 60 days old are considered compensation and therefore subject to withholding taxes. In light of this regulation, such reimbursement requests may not be approved or reimbursed.

The Internal Revenue Service requires specific documentation to support an employee's travel and entertainment expenses. Minimum documentation requirements include copies of receipts for any transportation or lodging expense and a copy of receipts for any other expenditure. Exceptions may apply to international travel. Deviation from this policy may require the institution to include any reimbursements in the employee's taxable wages subject to applicable taxes/withholdings. For non-employees, deviation from this policy will require the institution to report reimbursements as miscellaneous income on IRS Form 1099.

3. **Exceptions:** Any exceptions or special circumstance require prior written approval of the AVP for Finance and must include supporting documentation of the exception.

4. **Reimbursable Expenses:** Reimbursable expenses include:

- a. **Transportation:** Mode of transportation used should be the most economical one suitable for the purpose of the trip. Worker's compensation insurance provides coverage for personnel traveling on institution business.

**Airline:** Only coach/economy airfares are permissible. It is preferred that all airline travel be purchased with a Corban credit card.

**Automobile (Personal):** When traveling out of town on routes served by a common air carrier, the amount of the actual mileage or the lowest available airfare (plus cost of conventional terminal transportation), whichever is less, will be reimbursed. Mileage incurred while conducting business in town is reimbursable to the extent that the mileage exceeds normal commuting miles to and from the institution. The mileage allowance is published each January and distributed by the Business Office to all general ledger account supervisors. An employee using his/her own car for institution business is responsible for all vehicle operating costs, insurance, repairs, and maintenance.

**Automobile (Institution-Owned):** Gasoline receipts will be reimbursed, but not mileage.

**Automobile (Rental):** Car rental is only reimbursable when other surface transportation is not practical or economical. Whenever possible, the institution should be listed as the renter, with the individual traveler as the driver for liability purposes. Only employees who are authorized to drive institution-owned vehicles may rent in the name of the institution. The institution will not reimburse for accidental death or medical insurance. The traveler can pay and be reimbursed by the institution or use an institution credit card. If renting with an institution credit card, which

provides additional collision coverage, then the collision damage waiver should be declined. The car rental agreement must be submitted as documentation for reimbursement.

**Ground Transportation, Parking Fees, and Toll Charges:** Preferred choices for ground transportation are shuttle service, public limousine service, or other forms of public transportation. Public limousine service or shuttle service should be used only when the round trip cost of such service is less than the parking cost and/or mileage reimbursement. Taxis are to be used only when public limousine service or other transportation is more costly, unavailable, or unsuitable. Taxi fares require a receipt for reimbursement. Tolls and reasonable parking costs are reimbursable.

- b. **Lodging:** Lodging will be provided for an employee who must stay overnight. There will be no direct billing of charges to the institution unless arranged in advance with the approval of the AVP for Finance. The hotel bill will be used as documentation for reimbursements.
- c. **Meals and Entertainment:** The institution expects employees to eat well, but not extravagantly, while traveling on institution business. A general guideline for daily out of town meal expenses would be \$33, considering most hotels offer complimentary breakfasts.

**Personal Meals:** Personal meals are meal expenses incurred by an employee while dining alone on out-of-town business or by an employee who has paid the bill for other employees who are traveling with the employee on out-of-town business. If two or more employees are dining together, then the senior employee, in most circumstances, is responsible for paying the bill and seeking reimbursement. Reasonable expenses incurred for meals, including tips, will be reimbursed when traveling on institution business when supported by a credit card charge receipt or a cash register receipt. A separate receipt must support meals directly charged to hotel room bills. Supervisors should set reasonable rates for travelers. Hotel mini-bar charges are not reimbursable. The institution does not pay a daily per diem. Receipts must be furnished for all expenses. General guidelines for individual meals:

Breakfast - \$8.00  
Lunch - \$10.00  
Dinner - \$15.00

**Business Meals and Entertainment Expenses:** Business meals are meals taken during which specific business discussion takes place. When more than one institution employee is present during a meal, the highest-ranking approval authority, in most circumstances, should bear the associated expense and seek reimbursement. Documentation must include amount, date, time, place, business purpose and the names of the people present.

- d. **Spouse Travel and Entertainment:** Generally, the travel of a spouse is not covered by the institution. If on the rare occasion, the presence of an employee's spouse, who is not an employee, is necessary for approved purposes, then the travel and entertainment expenses incurred by the employee's spouse are reimbursable as taxable compensation to the employee. The only exception to this is in the case of a legitimate business reason for a spouse to accompany the employee. The AVP for Finance must pre-approve all spousal expenses.
- e. **Telephone:** Expenses incurred for telephone, fax, and teleconferencing for business communications while conducting institution business are reimbursable.

f. **Non-Reimbursable Expenses:** The following is a general list of non-reimbursable expenses. It is not all-inclusive.

- Expense of a spouse or other family member accompanying a traveling employee
- Travel insurance (except for international travel)
- Airline class upgrades
- Memberships, clubs, or organizations (e.g. country club, athletic club, golf club, tennis club, airline club, discount, retailers, credit cards, etc.)
- iTunes, Amazon, Audible, Costco memberships
- Baby-sitting fees
- Kennel costs for pets
- Lost or damaged personal items such as briefcase, calculator, etc.
- Car washes, except for institution-owned vehicles
- Traffic and parking violations
- Sightseeing or personal side trips
- Personal care items such as toiletries, hair styling, medication, etc.
- Personal entertainment, such as books, magazines, newspapers, hotel room movies, hotel room mini-bar charges, sporting events, etc.
- Personal items such as cell phone, head phones, speakers, etc.
- Mileage for travel between residence and office on any day, including weekends
- Valet and laundry services on trips less than four consecutive business days

5. **Travel Advance:** An employee may request a travel advance to cover the anticipated expenses of travel. Advances will only be made after travel is approved and will be based on a reasonable estimate of expenses to be incurred. Advances must be cleared within 14 days of travel. All travel advances must be cleared within the same fiscal year that the expense was incurred in. **Advances not cleared within 60 days from the end of the trip will be subject to dishonoring future request and added to the employee's income.** Holdovers from one trip to the next are not allowed. All advances will be reconciled with the travel report for each individual trip. Excess funds are not to be held by the employee for the next trip. Further advances will not be granted until the outstanding advance is cleared. In case of postponement or cancellation of trip, the traveler is to refund any advance immediately.
6. **Institution Credit Card:** Institutional credit cards may be issued to employees who incur more than \$500 a month average expenses. Institution credit card payments require the same documentation as other expenditures previously outlined. Payments will be approved by the appropriate Dean, Director or other authorized supervisor. Expenditures made by a Director must be approved by their immediate supervisor. Expenses by Deans and all others who report directly to a Vice President must be approved by the respective Vice President, and those expenses incurred by a Vice President must be approved by the President. The President's credit card must be approved by an appointed Board Trustee.
7. Vendors, speakers and contractors must comply with these expense policies. All reimbursements of travel must include a copy of the detailed receipt.

## **Employee Statement of Acknowledgment**

I acknowledge I have received a copy of Corban’s Financial Management Policies and Procedures Handbook. I understand it provides guidelines and summary information about Corban’s financial policies, procedures, and rules of conduct. I acknowledge specifically that all e-mail, computer, and communications equipment, software, networks, and systems, Internet and other online access and/or e-mail accounts, and all other computer and communications mechanisms, are the property of Corban and are provided to enable me solely to carry out my duties for Corban and in furtherance of its academic purposes, and that all e-mail messages and other content I may create in my service to Corban are and shall remain the exclusive property of Corban. I also understand that it is my responsibility to read, understand, become familiar with, and comply with the standards that have been established in this Handbook. I further understand that Corban reserves the right to modify, supplement, rescind, or revise any provision or policy from time to time, with or without notice, as it deems necessary or appropriate. I further understand and agree that any violation of Corban’s policies or procedures may lead to disciplinary action, up to and including termination of my employment with Corban.

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Team Member’s Name (Please Print)

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Team Member’s Signature

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Date