

RONALD McDONALD HOUSE CHARITIES (“RMHC”) Travel and Entertainment Reimbursement Policy (the “Policy”)

PURPOSE

As a non-profit organization dedicated to improving the lives of children, stewardship of our resources is essential. The purpose of this Policy is to:

- provide guidance on appropriate travel procedures to RMHC travelers,
- describe the types of expenditures that are and are not reimbursable by RMHC, and
- inform travelers of their responsibilities to control and report travel and other expenses.

While this Policy is intended to be comprehensive, it is impossible to anticipate every situation encountered. It is expected that this Policy be applied on a conservative basis that is consistent with normal living standards and, when the Policy may not be explicit, to exercise good judgment and to use the donor dollar wisely.

APPLICABILITY

Except as provided below, this Policy shall apply to all RMHC trustees, officers, advisors, consultants and others who are requested by RMHC management to incur expenditures on behalf of RMHC (collectively referred to as “applicable persons” throughout this document). A copy of this Policy will be made available to all applicable persons.

Employees of McDonald’s Corporation and/or its subsidiaries routinely provide support and services to RMHC without charge. Any employee of McDonald’s Corporation and/or its subsidiaries who travels on behalf of RMHC shall adhere to McDonald’s policies and procedures for travel and entertainment purposes, and all such expenses will be the responsibility of McDonald’s.

TRAVEL BY RMHC TRUSTEES AND OTHER APPLICABLE PERSONS

All reasonable travel, meal and lodging expenses incurred by RMHC Trustees traveling to and from Board meetings, and traveling at the request of the Chairman or President of RMHC for RMHC business, are reimbursable by RMHC, subject to the limitations of this Policy.

All reasonable travel, meal and lodging expenses incurred by other applicable persons are reimbursable by RMHC, provided that such person is traveling at the request of RMHC management for RMHC business, and subject to the limitations of this Policy.

CONTROL OF TRAVEL EXPENSES

It is essential that continuing, consistent control be exercised over travel expenses. Control of travel expenses is the responsibility of each applicable person incurring the expense and each person who authorizes and approves expenditures.

Approval of expenses submitted for reimbursement is more than a formality. . Persons who authorize and approve expenditures are expected to verify the following:

- The purchase is appropriate, business related and the cost is reasonable. The business nature of the expense must be noted on the expense report.
- Hotel and meal expenses are consistent with this Policy. The President must approve exceptions, with explanations provided on the expense report.

To help control travel costs, all applicable persons are expected to:

- exercise good judgment with respect to their expenses
- spend RMHC's funds carefully and judiciously
- check for accuracy of the bills and other documents
- report all expenses promptly (within 30 days) and accurately, with the appropriate documentation.
- claim reimbursement for necessary and reasonable expenses only. Travelers are expected to neither lose nor gain financially.

Violations to this Policy, misappropriation of funds or altering or providing false receipts will be immediately reported to the Chairman and the President of RMHC.

BUSINESS PURPOSE

A documented business purpose is required for expenses incurred by an applicable person for each business trip taken on behalf of RMHC. A "business purpose" is defined as "the business reason for or the nature of the business benefit derived or expected to be derived from travel and entertainment expenses".

Meals Away from Home

The following are conditions under which meals may be reimbursed as deductible business expenses according to the Internal Revenue Service (IRS). The business reason for the overnight trip must be clearly established.

Appropriate reimbursable situations:

The person is required to travel away from his or her "tax home" substantially longer than a normal day of work and may require an overnight lodging during the travel.

The meal reimbursement for meals alone, away from home on overnight trips or an extended day trip will be reimbursed as long as the amounts are reasonable and not lavish or extravagant.

Reimbursable Example: A consultant who works at the Any-city office travels to another- city for a three day conference. The meal expense is reimbursable and is exempt from taxation.

When attending a convention or group meeting, applicable persons are encouraged to participate in group meals provided at the event whenever possible. When eating with

other applicable persons, one applicable person may pay for and request reimbursement for the meal if the group discusses his/her specific business agenda.

Other Meal Policies

Alcoholic beverages are considered personal expenses and are not reimbursable.

Snacks such as sodas, gum, coffee, etc. are considered personal expenses and are not reimbursable.

Business Meeting Meal Reimbursement

Meal expenses incurred while conducting a meeting with a business associate or volunteer are reimbursable if they meet the IRS tests for establishing the business reasons for the meeting. According to the IRS, to constitute a deductible business meeting, a meal expense must meet at least one of the following tests:

Directly-related test:

- Meals took place in a clear business setting or
- Main purpose of meal was the active conduct of business and
- You did engage in business with the person during the meal and
- You had more than a general expectation of getting income or some other specific business benefit.

Associated test:

- Meals associated with your trade or business and
- Meals directly preceding or following a substantial business discussion.

If the meal does not meet at least one of these tests, it will NOT be reimbursed.

To support the business nature of the meal, the IRS requires the following documentation for all business meals:

1. All names and titles of the individual(s) with whom the meeting was held.
2. The amount of the meal
3. The date of the meal and the name and location of the establishment (Original restaurant receipt is required for all meals).
4. The business reason or business benefit expected to be derived from the meeting.

Expense reporting – for meals

The total meal expense or business expense should be reported. Names and titles of the individuals along with sufficient explanation of the business purpose for the meal or meeting must be detailed on the original restaurant receipt. Alcoholic beverages are not reimbursable and must be deducted if included in the total bill.

Transportation - Air, Personal and Rental Automobiles, Parking

Air Travel

Lowest Fare Routing (LFR)

All applicable persons traveling by air carrier are expected to utilize the Lowest Fare Routing (LFR). LFR is the lowest coach fare for the business trip which will (when possible):

- require no more than one interim stop each way and results in at least **\$250** savings over the non-stop fare
- result in total round-trip layover time not exceeding two hours
- increase the one-way portion of a round-trip by no more than one and one-half (1½) hours
- result in no less than two hours variance in departure time in order to meet desired arrival time
- late arrivals after 8:00 p.m. and early departures before 7:00 a.m. will be at the traveler's discretion

Applicable persons are expected to use good judgment when booking travel to use the donor dollar wisely. An explanation should be provided if the traveler declines the LFR.

Other Air Travel Policies

Travel Reservations - Generally, travel reservations must be made as far in advance of the required day of departure as possible to take advantage of discounted airfares. Flight reservations must be made as early as possible, but no less than 7 days in advance, unless extenuating circumstances do not allow for the advanced booking.

A copy of the complete itinerary and e-ticket receipt must be included when submitting expenses for reimbursement.

Traveler Mileage Discount Promotions - Travelers may not specify particular airlines to accumulate mileage on promotion plans unless fares on these airlines are consistent with LFR.

Weekend Travel – A traveler may elect to achieve a lower overall trip cost through the use of restricted discounted air fares by extending the trip for a certain duration (e.g., a weekend), at the beginning or end of a trip. RMHC will reimburse hotel and reasonable meal expenses incurred for this extension, however, such “extra” expenses are not to exceed the amount of savings realized from the discounted airfare. Only expenses actually incurred will be reimbursed. Travelers using this option will be required to provide a written analysis of the airfare savings. Documentation of the amount of savings must be obtained from the travel agency and included on the travel itinerary.

Refunds or Unused Tickets – If travel plans change, and tickets are not used, the traveler must notify the travel agent that booked the travel or the airline directly. Airline regulations have changed and occasionally tickets may be transferred to another traveler (with a fee) only prior to the travel date booked on the original ticket. Refunds

on unused tickets are generally no longer permitted. You must check with the airline to see if your ticket qualifies.

Trip Insurance - Any purchase of flight or luggage insurance is a personal expense to the traveler and is not reimbursable.

Travel Restrictions

Class of Airline Service – RMHC travelers are only authorized to fly coach class for all travel within the United States, Canada, Puerto Rico, the Caribbean, Mexico, and any international flights equivalent to or less than six hours. For international flights, defined as travel outside the fifty states, Canada, Puerto Rico, the Caribbean, and Mexico, RMHC travelers are allowed to fly business class but only if the flight time exceeds six hours. Upgrades to first class are the financial responsibility of the traveler.

Use of Private Aircraft on RMHC Business - Applicable persons shall not pilot, charter, lease or rent private aircrafts while on RMHC business or in support of any activity related to RMHC.

International Travel - International travel at RMHC expense must be approved in advance by the President. Documentation of the approval must be submitted with the request for reimbursement. International travel requires airlines reservations to be booked in coach class for flights equivalent or less than 6 hours, or business class for international flights in excess of 6 hours flight time. Some airlines do permit an upgrade to business class with the use of 25,000 frequent flyer miles and a fee of \$250 (one way) for each upgrade. For travelers that opt to upgrade to business class by using their frequent flyer miles, the fee of \$250 for each upgrade is reimbursable.

Use of Donated Miles – Airlines and their customers contribute unused frequent flyer miles to RMHC. The use of these miles is limited to those individuals traveling on behalf of RMHC and anyone that is utilizing the services provided by the charity. However, the employees of McDonald's Corporation and its subsidiaries traveling on behalf of RMHC are restricted from utilizing the donated miles and the cost of their travel should be purchased by McDonald's Corporation or its subsidiaries.

Automobile Rentals

In most cases, rental cars are an expensive mode of transportation and in the normal course of RMHC business, travelers should not rent an automobile. Rental cars will only be used when the nature of the trip or the destination is such that use of local transportation (e.g., taxis, shuttle) is not practical and would be more expensive, when the applicable person does not own a personal car, or when the mileage reimbursement cost of using a personal vehicle would be more expensive than renting a car. RMHC standard for rental cars is "mid-sized" or "intermediate".

Applicable persons may not rent vehicles while on RMHC business unless they have physical damage insurance coverage. Physical damage insurance coverage must be provided by one of the following methods *in* the following order:

(1) Business Purchasing Card coverage – applicable person must decline rental car agency coverage for both PAI (Personal Accident Injury) and CDW (Collision Damage Waiver) or LDW (Loss Damage Waiver).

(2) Personal credit card that provides CDW/LDW coverage – applicable person must decline rental car agency coverage for both PAI and CDW/LDW.

(3) Applicable person's personal automobile insurance coverage – applicable person must decline rental car agency coverage for both PAI and CDW/LDW.

In the event of an accident, RMHC will cover the deductible for the applicable person's personal automobile insurance up to \$500, only if the accident occurred while on RMHC business.

Elect the physical damage insurance with the rental car agency only if none of the above alternatives are available.

Applicable persons also may not rent vehicles while on RMHC business unless they carry personal automobile liability coverage. This coverage indemnifies the applicable person if another person is injured or someone else's vehicle or property is damaged as the result of an accident caused by the applicable person.

In summary, no car shall be rented without having **physical damage** insurance provided, and no applicable person shall drive a rental car without a valid driver's license and a valid personal automobile liability policy. If an applicable person does not meet all of the above requirements, s/he may not rent an automobile for RMHC business.

Personal Automobile

RMHC will reimburse an applicable person's out of town travel via personal automobile at the mileage rate allowed by the IRS. The Finance team will advise travelers of changes in the rate and the effective date of the change.

- Local personal automobile travel expenses, including tolls, parking, etc., incurred by applicable persons between home and RMHC's main office are not reimbursable, even when incurred outside normal working hours.

The cost of traveling by auto on a business trip (including meals, hotel and mileage) must not exceed the approved cost of air travel.

Mileage to and from the airport, parking fees and toll charges will be reimbursed. If the trip is two days or less, parking at the airport will be reimbursed at the short term rate. If the trip is more than two days, airport parking will be reimbursed only at long-term airport parking rates for the duration of the time the car is parked at the airport. Offsite parking will be fully reimbursed.

An applicable person driving their personal automobile on RMHC business must have a valid driver's license and proof of current personal automobile liability insurance. This information is requested as necessary from applicable persons who regularly drive on

RMHC business. Those who cannot provide this information may not drive on RMHC business or be reimbursed for any auto related expenses.

IMPORTANT NOTE: *In the event of an accident, RMHC will cover the deductible for the applicable person's personal automobile insurance up to \$500, only if the accident occurred while on RMHC business.*

Airport Shuttle, Taxi and Limousines:

Applicable persons will be reimbursed for the cost of transportation to and from airports (including applicable tips) and all other public transportation costs incurred during the course of business. Travelers must choose the mode of transportation that is the most efficient and cost-effective for their particular situation. It is not appropriate to use luxury car services for business travel or for transportation to and from the airport. ***For example, RMHC will not reimburse the cost of person taking a cab to and from the airport if it is more expensive than driving and parking your own car at the airport. If it can be documented that a cab is less expensive, a cab can be used. The use of a luxury car service for travel to and from the airport is not authorized unless an explanation is provided documenting the need to use this transportation and it is specifically approved by the President.***

Parking Attendants

When the hotel or facility you are attending requires the use of parking attendants, the recommended tip is \$1 upon each departure from the facility. If self-parking is available, it should be utilized.

Travel with Non-RMHC Companions

RMHC will only reimburse the travel expenses for the RMHC applicable persons. Expenses of others (spouses, friends, etc.) are not reimbursable.

Expense Reporting - Transportation

Air Travel: Original receipts for all air travel expenses, with proof of payment and proof of travel, must be presented for reimbursement. Personal Vehicle Travel: Miles traveled in a personal vehicle must be documented for reimbursement. This documentation must include all locations visited. Undocumented mileage will not be reimbursed.

Lodging - Selection, Reservation, Groups, Expense Reporting

Hotel and Room Selection

A single room with private bath in a business-class hotel/motel is RMHC's standard. Multi-room suites or luxury accommodations cannot be reimbursed unless there is a specific business purpose and there is approval from the President. Applicable persons should stay in hotels where negotiated rates are available. RMHC travelers are expected to maximize donor dollars when booking rooms.

Reservation Procedures

Travel arrangements for a meeting should be made through the sponsor of conventions and seminars when applicable.

To avoid “no-show” billing, guaranteed reservations must be canceled. When canceling a reservation, a record must be made of the cancellation number or the name of the hotel employee taking the cancellation. This procedure helps resolve “no-show” billing disputes. Room charges as the result of failure to cancel will be the personal expense of the traveler, unless extenuating circumstances are approved by the President.

Fitness Center Reimbursement

RMHC encourages its applicable persons to maintain their fitness regimen while traveling on RMHC business. Applicable persons are encouraged to check with the hotel to see if complimentary fitness center usage is provided. If not, RMHC will reimburse up to \$10 per day for fitness center use within the hotel. The fitness center usage charge must appear on the printed hotel bill, or attached via a clearly designated receipt.

RMHC assumes that travelers will use good judgment in the selection of their hotels so as to maximize donor dollars.

Connectivity Reimbursement

Applicable persons will be reimbursed up to \$15 per day for wireless laptop and high speed connectivity charges, when traveling on RMHC business.

The expense will be paid only when proof of payment is submitted for reimbursement either reflected on the traveler’s hotel invoice or an airport receipt (if connectivity is utilized at the airport.) Please note that many hotels and airports provide this service without charge. Therefore, it is requested that the free service be utilized whenever possible.

Non-Allowable Expenses

RMHC will reimburse applicable persons for all reasonable and necessary expenses incurred when traveling on RMHC business. However, there are specific types of expenses that are considered to be of a personal nature and are not reimbursable.

The following personal expenses are not reimbursable:

- gifts to applicable persons
- flowers
- alcoholic beverages
- snacks such as coffee, soft drinks, gum or candy
- barber, manicurist, shoeshine, masseur
- personal credit card membership dues, fees or charges including liability insurance for lost card use by third party
- newspapers or other personal reading materials while traveling

- gasoline, repairs, maintenance, or insurance on personal cars used during business travel (The mileage reimbursement covers these items)
- theater, pay per view movies, or other personal amusements, including hotel movies and games
- transportation to and from home to regular or temporary transfer place of work
- tuxedo, gowns or other formal wear
- unauthorized club or other membership dues, subscriptions or fees
- unauthorized trips, entertainment, gifts, or donations
- car rental over midsize vehicle model unless approved by President
- laundry or dry cleaning, unless extenuating circumstances
- fees for traffic violations, including parking or moving violations

Expense Reimbursement Processing

Expenses submitted for reimbursement are to be completed with all documentation attached as soon as possible but within **30** days of completion of travel or occurrence of expense. If requested to do so by RMHC management, an applicable person will complete an expense report form provided by RMHC.

Trustees should submit expenses for reimbursement to the RMHC Administrator.

Other applicable persons should submit expenses for reimbursement to the member of RMHC management who authorized the expenditure.

Individuals submitting expenses for reimbursement assume responsibility for the following:

- compliance with this Policy
- that all original, detailed receipts and proofs of payment are attached
- business meetings are fully documented including names and titles

An applicable person may not approve his or her own expense reimbursement. For example, an applicable person may not approve seminars, professional memberships or hotel stays for himself or herself. RMHC management must approve these expenditures.

After reviewed by RMHC management, expenses will be turned over to the Finance team for payment authorization.

The RMHC Finance team has been directed to reject any request for expense reimbursement that:

1. does not have all required documentation
2. is not properly approved by RMHC management
3. does not comply with this Policy.

The Finance team will process requests for reimbursement and make payments to an applicable person in a timely manner. In the event that the Finance team and applicable person disagree on repayment of an expense, the matter will be turned over to the President for a final determination.