

Purpose

It is the philosophy of FNC, Inc, that employees conducting business on behalf of the company should be reimbursed for all reasonable and necessary expenses incurred while transacting company business. It is, therefore, the purpose of the travel and expense procedures, to enable our employees to appropriately carry out the business of the company, while the costs of doing so are controlled. This will also ensure that all employees are treated equally.

Ethics Clause

Ethical business standards and common sense shall govern all expense reporting transactions.

Employee Responsibility:

- Employee is responsible for submitting accurate and complete expense reports.
- Appropriate documentation and/or original receipts must accompany each item listed. Specifics must be listed in the details section of the expense report, including but not limited to, number of meal attendees, mileage traveled, names of meal attendees, or any necessary details regarding the listed expense.
- Any infraction on these standards (i.e. falsification, padding, excessive expenditures) shall be reported to that individual's departmental manager, the Controller, and the CFO, and will lead to disciplinary action.

Management Responsibility:

- Supervisors must sign the expense report or submit email approval for employee to attach and submit with the hardcopy report along with the original receipts.
- Supervisors are indicating they have reviewed and approve of all proposed expenses when the approval is submitted with the report.
- It is the responsibility of the reviewing supervisor to question and/or disallow any non-reimbursable expenses or excessive spending.
- The approving supervisor will be held responsible if the Internal Audit group consistently finds non-compliant expense reports. Disciplinary actions may be taken.

Travel Coordinator

In order to manage our travel costs more appropriately, and to ease the pressure of having to make travel arrangements for our employees, we have a Travel Coordinator. The purpose of this position will be to serve as a "Travel Agent" for all employees, except for the Sales Team. Every effort should be made to plan travel as far in advance as possible to allow the company to take advantage of "advance purchase" discounts. The rule of thumb is at least 14 days in advance. Therefore, every effort should be made to submit travel requests before the 14th day of any scheduled travel. All travel requests should go through FNC's Travel Coordinator. In extenuating circumstances, the Travel Coordinator needs to be made aware of the travel plans and details that you have arranged. Examples of extenuating circumstances would be last minute, unpredicted weekend or evening arrangements that cannot wait until the next business day. Every expense report must be approved by the employee's supervisor and the CFO.

Travel Coordinator:
Jennifer McGonagill
Office: 662/513-4462
Cell: 662/816-9577
travel@lists.fncinc.com

Airline Travel

- Submit a Travel Request form via the Travel section on the Intranet. Your request will be processed, arrangements will be made, and an email with details and confirmation numbers will be sent back to you. Email requests to the Travel Coordinator will not be processed. You may send an email in addition to the travel request but not in lieu of the travel request.
- It is important that all travel requests be made at least 14 days in advance. During business hours, the Travel Coordinator should still make last minute travel requests. In some cases,

alternative means of communication can replace last minute traveling. Please consider conference calls or WebEx as a possible alternative when applicable.

- All travel requests must be approved by employee's immediate supervisor. Travel coordinator cannot make travel arrangements without email approval from the employee's supervisor or director.
- The Travel Coordinator will take the least expensive routing. Travelers may identify airline and flight schedule preferences, and every effort will be made to accommodate these requests, however, the Travel Coordinator will take into consideration the cost of the available flights and schedules when making arrangements. If the flights available differ greatly from traveler's preferences, every effort will be made to contact the traveler before final flight reservations are made. However, the Coordinator reserves the right to finalize reservations without notice to the traveler. The Travel Coordinator will keep a file with each traveler's frequent flier IDs, seat preferences, etc. and will attempt to schedule flights according to this file. This information can be submitted to the Travel Coordinator via the Travel section of the Intranet.
- Some Airlines are allowing electronic check-in for travelers with e-tickets to minimize long wait times. You must use your frequent flyer card or the credit card the reservations were made with to utilize this option. Many airlines also offer the option to check in via the Internet up to 24 hours before departure.
- First class upgrades will not be reimbursed.
- Airfare change fees will not be reimbursed without prior supervisor approval. An explanation for the change must accompany the expense report.

Hotel Accommodations

- A single room with private bath at a business class hotel is the corporate standard. FNC will not pay for luxury accommodations or upgrades unless prior approval by the CFO is received or no other rooms are available.
- It is FNC policy that employees share hotel rooms when possible. Please identify your travel companion to the Travel Coordinator so appropriate arrangements can be made.
- If guaranteed reservations are made for an employee at a particular hotel and the employee fails to arrive at the designated facility, the employee will be liable for the "no show" charges unless his/her failure to arrive is through no fault of his/her own (e.g. cancelled flight, change of business plans).
- It is the responsibility of the employee to notify the Travel Coordinator if the trip is cancelled or modified. The Travel Coordinator will make every effort to cancel the reservation prior to the guaranteed arrival time. If the Travel Coordinator is unavailable, the employee should also make every effort to contact the hotel prior to the guaranteed arrival time to ensure that no additional charges are incurred.
- FNC DOES NOT reimburse in room movies.
- Conference attendees are responsible for reserving their own rooms for each conference.
- FNC will reimburse reasonable hotel ISP charges while employee is traveling..

Rental Cars

- FNC expects the travelers to rent compact or mid-sized cars. Full-sized vehicles may be rented only if three or more persons are traveling together.
- An upgrade to Luxury vehicles will be at employee's expense.
- When traveling on company business and renting a vehicle, employees should decline all extra charges.
- Prior to returning the vehicle, the car should be filled with gas to avoid excessive fueling charges. The company will reimburse the employee the cost of gas (make sure you save your gas receipt for reimbursement). This expense belongs under "Ground Transportation" on the expense report.
- An automobile should be rented only if it is necessary to conduct the business of the company efficiently and productively. Other alternatives should be considered if available and cost effective, such as cabs, hotel shuttles or co-workers. Budget Rental Car will rent to ages 21-25 without a daily surcharge. FNC has a corporate ID number with Budget, and they are the preferred car rental choice for FNC, especially for employees that fall in the 21-25 age group.
- If an accident does occur while in a rental car, please contact the Legal Department for insurance

information immediately.

Personal Auto

- Employees may use their personal auto on business trips or to conduct the business of the company when less expensive transportation is not available.
- The 2007 mileage rate is 48.5 cents per mile. A mileage log must be kept to document business use of your personal auto.
- Please expense mileage under the "Mileage" column on the expense report, not "Other" or "Ground Transportation"
- Reimbursement of miles driven in your personal auto consists of miles in excess of your normal round trip daily mileage.
- Mileage rates:
 - Memphis 156.08 miles = \$75.69
 - Jackson 361.86 miles = \$175.50
 - Little Rock 437.80 miles = \$212.33
 - CB – San Diego 67.80 miles = \$32.83
 - CB – Costa Mesa 117.38 miles = \$56.93

Meals

- If one traveler pays for a group meal, each member of the group must be listed on receipt and on the expense report. If only FNC employees are present, please list reason for reimbursement.
- It may be necessary to provide coffee, soft drinks, snacks or other refreshments while on a project. These types of expenses will be monitored closely, and any abuse will be handled by the CFO and the employee's departmental manager.

Other Business Related Meals

- Business and project related meals or "order ins" for late night working must be approved by departmental director and will be handled on a case by case basis.
- Other meals such as celebrations, welcomes, and send offs, etc. must be PRE-APPROVED by employee's manager or director. These expenses will also be handled on a case by case basis and will not be approved without pre-approval attached.

Phone Calls

- It is important to become familiar with the hotel's phone policy. Many hotels are including charges for 800 numbers, and long distance surcharges. Many times use of a cell phone and/or a calling card is more cost effective.

Vacation and Business Travel

- Employees may combine vacation time with business travel; however, the employee will be responsible for all expenses incurred during the specified vacation period itself.
- If you extend a business trip to combine a personal trip, you do not need to check out of the hotel and re-register. You are, however, responsible for paying the portion that was not for business purposes. Your expense report should reflect the total bill less the personal portion to be reimbursed the proper amount.

Other Expenses

- In addition to the previous expenses, employees will be reimbursed for parking, tolls, and reasonable gratuity expenses while traveling. Laundry/dry cleaning expenses will generally be reimbursed only if the trip is in excess of five working days.
- Some items are considered personal in nature and are not eligible for reimbursement:
 - Barber/Stylist fees

- Cost of side trips for personal reasons
- Fines for traffic violations
- Damages to employee's car
- Personal entertainment (magazines, newspapers, movies, etc.)
- Hotel club/spa fees
- Pet care or boarding fees
- Loss or damage of personal property
- Purchase of clothing or medication
- Hotel mini-bar charges
- Hotel in-room charges, including movies.

General

- Any unsupported and/or unapproved expenditures to the guidelines may result in non-reimbursement to the employee.
- All travel related expense reports must be submitted to Accounting, with supervisor approval, no later than 30 days after the last date of trip. Written approval from the CFO must accompany any expense report submitted after the 30-day deadline. NO EXCEPTIONS. Any expense report or receipt submitted after the 30-day deadline, without written approval from the CFO, is subject to non-reimbursement.
- Expense report approval may be submitted via email/Intranet from your supervisor, but it must be attached to the expense report, along with all receipts when submitted. Expense reports signed by the employee's supervisor will always be accepted. Do NOT submit the expense report or forward your approvals via email to the office manager or to accounting.
- DO NOT Fed-Ex receipts and expense reports. If an employee uses Fed-Ex to ship his/her expense report, the shipping amount will be deducted from the total reimbursement. US Postal Priority mail is sufficient, therefore please allow time for US mail delivery to reach the Oxford office.
- Expense checks are generally issued on the 10th/20th/EOM. We must receive the expense report with manager approval 5 business days prior to the check run. We encourage everyone to use Direct Deposit for expense reimbursements. If you do not sign up for Direct Deposit, your check will be mailed.
- Managers can approve your expenses via email, but it is the employee's responsibility to print that approval out and include it with the expense report.
- If the travel expenses are billable, please list the client and the amount. If not, please list what the expense was for. (ie: tradeshow, conference, training, FNC, client but not billable, etc.)
- All gifts or entertainment related expenses must be PRE-Approved in writing. These expenses are to be listed in the "Other" column of the "Travel and Meals" expense report. Please attach PRE-approval for the entertainment or gift expense with your receipts.
- Please do not submit a pile of loose receipts folded up inside your expense report. Instead, tape the smaller receipts to an 8 1/2 x 11 sheet of paper and paper clip or staple them all to your expense report. Multiple receipts can be taped to one sheet of paper. This will help you, as well as accounting, verify your documentation. Any improperly formatted expense report will be returned to the employee.
- Do NOT tri-fold and cram a thick expense report into a legal envelope.

Home Office Expenses

- Home phone, ISP, cell phone, and basic computer and office expenses are reimbursable with pre-approval from the departmental manager and the purchasing committee. To be reimbursed for these expenses, a copy of your bill must be attached to the expense report along with your supervisor's approval.