

Agreement to Adopt an Accountable Plan

Part I: Accountable Plan

_____ (the Company) desires to establish an expenses reimbursement policy pursuant to Reg. 1.62-2, upon the following terms and conditions:

1. Except as otherwise noted in Part II below, any person now or hereafter employed by the Company shall be reimbursed for any ordinary and necessary business and professional expenses incurred on behalf of the Company only if the expenses are adequately substantiated as required by the Company policy on expense reimbursements.¹
2. Under no circumstances will the Company reimburse employees for business or professional expenses incurred on behalf of the Company that are not properly substantiated. The Company and employees understand that this requirement is necessary to prevent our expense reimbursement plan from being classified as a "non-accountable" plan.

The substantiation requirements of this policy also apply to nonemployees (e.g., independent contractors) conducting Company business. If a non-employee does not properly account to the Company for his or her expenses, the individual will not be reimbursed.

3. Advances for ordinary and necessary business and professional expenses shall not be issued more than 30 days prior to the anticipated expense.
4. All expenses must be substantiated within a reasonable period of time.²
5. Advances that are not substantiated within a reasonable period of time must be returned (paid back) within a reasonable period of time.³
6. All receipts and other documentary evidence used by an employee to substantiate business and professional expenses reimbursed under this policy shall be retained by the Company.

Part II: Exceptions to Accountable Plan

Notwithstanding any term or condition in Part I of this document, the following persons, expenses, or arrangements are not considered to be covered under this accountable plan and are subject to terms and conditions of a separate expense reimbursement policy.

1. _____
2. _____
3. _____

Company Officer: _____
(Print Name) (Signature) (Date)

¹ *Adequately account for* means providing the Company with a statement of expense, an account book, a diary, or a similar record in which you entered each expense at or near the time you had it, along with documentary evidence (such as receipts) of your travel, mileage, and other employee business expenses. IRS Publication 463 provides examples of what is needed to substantiate your business and professional expenses.

² Must be 60 days or less after the expense is paid or incurred if the Company wants to qualify for the "fixed date" safe harbor substantiation rule.

³ Must be 120 days or less after the expense is paid or incurred if the Company wants to qualify for the "fixed date" safe harbor substantiation rule.