

# **Employee Handbook**

## **1.0 INTRODUCTION**

### **1:1 Welcome to CREATIVE COMMONS**

We are delighted that you have joined CREATIVE COMMONS. We work in a fast-paced environment, dedicated to high standards of excellence and quality. We value each one of our employees, and we hope that you find your work here rewarding and satisfying.

This section introduces you to CC's history, purpose and goals. Please read it carefully so that you can better understand who we are and what we do. We think we are a special place -- made all the more so by the hard work and dedication of our outstanding staff and consultants.

As a non-profit educational organization, CREATIVE COMMONS has dedicated itself to enabling the reuse and free exchange of creative work by authors and artists who are willing to share. Reflecting our academic origins, we operate in a distributed, flexible and casual environment. We are able to do so because of an extremely capable network of employees and consultants who are focused on and able to meet the highest performance standards.

### **1:2 History of the Company**

CREATIVE COMMONS was founded in 2001 by some of the nation's leading faculty in the field of cyberlaw and intellectual property rights out of a concern that increasing extensions of IP rights had begun to inhibit the actual use of copyrighted material. It is guided by the Chairman of the Board of Directors, Prof. Lawrence Lessig. Our slogan, "Some Rights Reserved," reflects our desire to enable users to access and use material with the author's permissions. CC is not against copyright protections for authors and creators. CC is based on a belief that copyright laws have become so cumbersome that it is necessary to find creative solutions for those who desire legitimate permission to reuse another's work.

### **1:3 The Purpose of This Handbook**

We think that employees are happier and more valuable if they know what they can expect from their employer and what CREATIVE COMMONS expects from them. In the preceding sections, we introduced you to our history, values, culture and goals. We expect you to incorporate that information into your day-to-day job performance, striving to meet our values in everything you do.

The remainder of this Handbook will familiarize you with the privileges, benefits and responsibilities of being an employee at CREATIVE COMMONS. Please understand that this Handbook can only highlight and summarize our policies and practices. For detailed information, you will have to talk to your supervisor or to (the Director of Human Resources).

At CREATIVE COMMONS, as in the rest of the world, circumstances are constantly changing. As a result, we may have to revise, rescind or supplement these policies from time to time. Nothing in this Handbook is a contract or a promise. The policies can change at any time, for any reason, without warning.

We are always looking for ways to improve communications with our employees. If you have suggestions for ways to improve this Handbook in particular or employee relations in general, please feel free to bring them to (the Director of Human Resources).

We reserve the right to amend the policies and procedures contained in the Handbook. The most current version will be posted on Teamspace and that will be the effective version.

### **1:4 Check Out Our Bulletin Board**

You can find important information about CREATIVE COMMONS and your employment posted on Teamspace, our electronic bulletin board located at <http://teamspace.creativecommons.org/>. Your

supervisor will issue a password to access the site. This is also the place where we post important information regarding your legal rights, including information about equal employment opportunity laws and wage and hour laws. General company events and activities are also posted on Teamspace. We expect all employees to periodically read the information on Teamspace.

If you would like to communicate information to your coworkers, consider using Teamspace. Please be sure to review the posting policies and protocols that appear on the site itself. Employee notices may only stay on the bulletin board for 90 days. After that period, they are subject to removal. We reserve the right to delete at any time any announcement that is deemed inappropriate to share with others.

## **2:0 THE EMPLOYMENT RELATIONSHIP**

### **2:1 Employment Is At Will**

We are happy to welcome you to Creative Commons. We sincerely hope that your employment here will be a positive and rewarding experience. However, we cannot make any guarantees about your continued employment. Your employment here is at will, unless you have a signed contract from the company to the contrary. This means that you are free to quit at any time, for any reason, just as we are free to terminate your employment at any time, for any reason, with or without cause. For all employees hired before May 1, 2007, we will give you at least 30 days' notice of termination under this provision 2:1.

No employee or company representative, other than the President, has the authority to change the at-will employment relationship or to contract with any employee for different terms of employment. Furthermore, the President may change the at-will employment relationship only in a written contract, signed by the President and the employee. Nothing in this Handbook constitutes a contract or promise of continued employment.

After you have been granted access to this handbook, you will be expected to read it and to sign the [Handbook Acknowledgement Form](#).

### **2:2 Other Termination of Employment**

Your employment may also be terminated upon the occurrence of any of the following:

- At the election of CC for Cause (as defined below), immediately upon written notice by CC to you, which notice shall identify the Cause. 'Cause' in this provision shall mean
  - (a) a good faith finding by CC that (i) you have failed to perform reasonably assigned duties, or (ii) you have engaged in dishonesty, gross negligence or misconduct, or
  - (b) your conviction of, or your entry of a pleading of guilty or nolo contendere to any crime involving moral turpitude or any felony;
- On your death or disability. 'Disability' in this provision shall mean your inability, due to a physical or mental disability, for a period of 90 days, whether or not consecutive, during any 360-day period to perform the duties expected of your appointment, with or without reasonable accommodation as that term is defined under applicable state or federal law. A determination of disability shall be made by a physician satisfactory to both you and CC, provided that if we cannot agree on a physician, we shall each select a physician and these two together shall select a third physician whose determination as to disability shall be binding on all parties.

## **3:0 HIRING**

### **3:1 Commitment to Equal Opportunity**

Creative Commons believes that all people are entitled to equal employment opportunity.

We follow state and federal laws prohibiting discrimination in hiring and employment.

We do not discriminate against employees or applicants in violation of those laws.

### **3:2 Recruitment**

We know that we are only as good as our employees, so we search as widely as possible for talented and motivated individuals to fill vacant positions in our company. Our recruitment methods include advertising, employment agencies and referrals.

Although these methods have served us well in the past, we know that the marketplace is ever changing and that finding high quality people is an evolving process. We encourage our employees to share with us their ideas as to what more we can do to find and recruit talented and motivated individuals.

We conduct all recruiting in a fair and nondiscriminatory manner.

In addition to looking outside the company for new hires, we also look within. After all, we already know the value and quality of our current employees. We post all internal job openings on Teamspace. If you see a posting for a job that interests you, we encourage you to apply for it by following our Internal Application Procedures (see below).

**3:3 Internal Application Procedures** Sometimes, the best person for a job is already on staff. As a result, we encourage current employees to apply for vacant positions that interest them.

We post all internal job openings on Teamspace. To apply for a position, provide a cover letter, current resume and copy of the job posting to the person identified in the job notice on Teamspace.

### **3:4 Employment of Relatives**

Although we value all of our employees and, by extension, their families, we do not allow family members of current employees to take jobs with the company. We believe that the risk of morale problems, security issues and conflict of interest problems is too great in such a small company.

If two employees become related while working for Creative Commons, they will both be allowed to remain with us. However, if one of them supervises the other, only one of the employees will be allowed to keep his or her current position. The other will have to leave the company.

Under this policy, the term "relatives" encompasses husbands, wives, live-in partners, parents, children, siblings, in-laws, cousins, aunts and uncles. This policy covers biological relationships, marriage relationships and step relationships.

## **4:0 NEW EMPLOYEE INFORMATION**

### **4:1 New Employee Orientation**

Within a day or two of starting work, you will be scheduled for a new employee orientation meeting. During this meeting, you will receive important information about CC's policies and procedures. You will also be asked to complete paperwork and forms relating to your employment, such as tax withholding forms, emergency contact forms and benefits paperwork.

Please feel free to ask any questions you might have about the company during the orientation meeting. If additional questions come up after the meeting, you can ask your supervisor or corporate counsel.

When your employment begins, you will meet with the Office Manager, who will explain our benefits and payroll procedures and assist you in completing your employment paperwork. (For CC's benefits policies, see [Section 8](#) of this Handbook.) You should also meet with your supervisor to go over your job goals and performance requirements.

Leave and time off, vacation and holiday benefits start accruing from the day you begin your employment. You will be eligible for health benefits (medical, dental and vision) on the first day of the next month following your date of hire.

Although we hope that you will be successful here, CC may terminate your employment at any time, either during the orientation period or afterwards, with or without cause and with or without notice, unless you have a signed employment contract requiring a different termination procedure. You are also free to quit at any time and for any reason, either during the orientation period or afterwards, with or without notice. (For an explanation of at-will employment, see [Section 2](#), of this Handbook.)

**4:2 Proof of Work Eligibility** Within three business days of your first day of work, you must complete Federal Form I-9 and show us documentation proving your identity and your eligibility to work in the United States. The federal government requires us to do this.

If you have worked for CC previously, you need only provide this information if it has been more than three years since you last completed an I-9 Form for us or if your current I-9 Form is no longer valid.

The Office Manager will give you an I-9 Form and tell you what documentation you must present to us.

#### **4:3 Child Support Reporting Requirements**

Federal and state laws require us to report basic information about new employees, including your name, address and Social Security number, to a state agency called the State Directory of New Hires. The state collects this information to enforce child support orders. If the state determines that you owe child support, it will send us an order requiring us to withhold money from your paycheck to pay your child support obligations.

#### **4:4 Employee Background Screening**

The purpose of the policy is to provide management with guidelines to insure consistency in the verification process and to insure compliance with the provisions of the Federal Fair Credit Reporting Act and other applicable State and Federal guidelines.

All applicants who are interviewed, either in person or via telephone, including those who are already employed by CC and seeking a new position, must be informed at the time of the interview that CC may conduct a background check after an offer has been tendered and accepted. See [Applicant Notification Form](#).

Depending on the job's responsibilities, the background check may include any or all of the following:

- Verification of the information given to CC on your resume and/or employment application, e.g., work history and education,
- Social Security Number verification,
- Criminal history check and,
- Driving record verification (applicable to those who are responsible for driving company owned or leased vehicles. This does not apply to vehicle rental while on business travel).

The applicant must also be informed that, if selected, he or she will be required at the time of hire to sign a Notice and Consent form, which authorizes Company to conduct the background check. An applicant must receive this notification prior to the date on which the background report is first requested.

The consent forms will only be given to applicants who are offered and accept a position with Company. To clarify, all applicants who are interviewed must be notified that Company may conduct background checks if and when they receive and accept an offer of employment, but only those for whom an offer is tendered and accepted will Notice and Consent forms be presented for signature.

After accepting an offer for employment, an applicant will receive the following documents:

- [Notice and Consent](#) - (Must be signed). This form notifies you that a background check will occur; your signature gives CC permission to proceed. It includes the Summary of Consumer Rights, below.
- [Motor Vehicle Record Request](#) (Must be signed). This form notifies you that a background check on your driving record will occur; your signature gives permission for it.
- [Summary of Consumer Rights](#). This form explains your legal rights under the federal Fair Credit Reporting Act and under state law, if different. Under certain circumstances, this form must be given three times: once in the initial offer and acceptance, prior to rescinding any offer as a result of information received during the background check and again if the offer is rescinded at a later date as the result of information received during the background check.

If the background contains adverse information, the President or his designate will review the information and make the decision for continued employment or to rescind the offer of employment based in whole or in part on the results of the background check. If the offer for employment is rescinded, CC must:

- Present you with a copy of the background report;
- Give you an additional copy of the prescribed Summary of Consumer Rights form; and
- Give you a reasonable amount of time (three business days) to dispute the accuracy of the report.

If you do not dispute the accuracy of the report, fail to respond within a reasonable time (three business days), or fail to provide feedback to the President within the time period specified, the offer of employment shall then be rescinded. You must then be provided with the following:

- Oral, written or electronic notice of the adverse action,
- Name, address and telephone number of the consumer reporting agency that furnished the report,
- Statement that the consumer-reporting agency did not make a decision to take adverse employment action and is unable to explain the specific reasons behind the decision and
- The prescribed Summary of Consumer Rights form.

Any questions or concerns relative to this policy should be submitted to the [Corporate Counsel](#).

## **5:0 EMPLOYEE CLASSIFICATIONS**

### **5:1 Temporary Employees**

Periodically, it becomes necessary for us to hire individuals to perform a job or to work on a project that has a limited duration. Typically, this happens in the event of a special project, special time of year, abnormal workload or emergency.

Individuals whom we hire for such work are temporary employees. They are not eligible to participate in any of our Company benefit programs, nor can they earn or accrue any leave, such as vacation leave or sick leave. Of course, we will provide to temporary employees any and all benefits mandated by law.

Temporary employees cannot change from temporary status to any other employment status by such informal means as remaining in our employ for a long period of time or through oral promises made to them by coworkers, members of management or supervisors. The only way a temporary employee's status can change is through a written notification signed by the President.

Like other employees who work for this Company, temporary employee's work on an at-will basis. This means that both they and this Company are free to terminate their employment at any time for any reason that is not illegal; even if they have not completed the temporary project for which they have been hired.

## **5:2 Part-Time and Full-Time Employees**

Depending on the number of hours per week you are regularly scheduled to work, you are either a part-time or a full-time employee. It is necessary that you understand which of these classifications you fit into, because it will be important in determining whether you are entitled to benefits and leave. (See Section 8 of this Handbook for information about who is entitled to benefits and leave.)

Part-time employees: Employees who are regularly scheduled to work fewer than 30 hours per week are part-time employees.

Full-time employees: Employees who are regularly scheduled to work at least 30 hours per week and are on the quarterly wage report (DE-6) are full-time employees.

## **5:3 Exempt and Non-Exempt Employees**

Your entitlement to earn overtime pay depends on whether you are classified as an exempt or a non-exempt employee.

Exempt employees are those who do not earn overtime because they are exempt from the overtime provisions of the federal Fair Labor Standards Act and applicable state laws.

Non-exempt employees are those who meet the criteria for being covered by the overtime provisions of the federal Fair Labor Standards Act and applicable state laws. If you are uncertain about which category you fall into, speak to the Office Manager.

## **6:0 HOURS**

### **6:1 Hours of Work**

Your supervisor will let you know your work schedule, including the time when you will be expected to start and finish work each day.

### **6:2 Flexible Scheduling**

We understand that many employees have to balance the demands of their job with the needs of their families and other outside commitments. Therefore, we offer our employees the opportunity to work a flexible schedule.

If you would like to change your work schedule--for example, to come in and leave a couple of hours earlier or to work more hours on some days and fewer on others--please talk to your supervisor. Creative Commons will try to accommodate your request, to the extent practical. Because not all jobs are suitable to flexible scheduling, and because we must ensure that our staffing needs are met, we cannot guarantee that Creative Commons will grant your request.

### **6:3 Meal and Rest Breaks**

Meals and breaks will be permitted in accordance with applicable state and federal employment regulations for your location. These breaks will be unpaid, however, employees who are required to work or remain at their stations during the meal break will be paid for that time.

### **6:4 Overtime**

On occasion, we may ask employees to work beyond their regular scheduled hours. We expect employees to work a reasonable amount of overtime--this is a job requirement.

We will try to give employees advance notice when overtime work is necessary; however, it will not always be possible to notify workers in advance.

Exempt employees will not be paid for working beyond their regular scheduled hours. Non-exempt employees are entitled to payment for overtime in accordance with applicable state law. (For information on which employees are exempt and which are non-exempt, see [Section 5.3](#) of this Handbook.)

- All overtime work must be approved in writing, in advance, by the employee's supervisor. Working overtime without permission violates Company policy and may result in disciplinary action.
- For purposes of calculating how many hours an employee has worked in a day or week, our workweek begins at 12:01 a.m. on Monday and ends at midnight on Sunday. Our workday begins at 12:01 a.m. and ends at midnight each day.
- Only time actually spent working counts as hours worked. Vacation time, sick days, holidays or any other paid time during which an employee did not actually work will not count as hours worked.

## **7.0 PAY AND REIMBURSEMENT POLICIES**

**7:1 Payday** Employees are paid semi-monthly. You will receive your paycheck on the 15th day and on the last day of the month. If payday falls on a holiday, you will receive your paycheck on the last workday immediately before payday.

**7:2 Advance Policy** Please submit requests for pay advances to the Treasurer; requests will be granted or denied at the sole discretion of the company.

If we grant your request for an advance, you may receive no more than \$500. All advances must be paid back, through payroll deductions, within 4 pay periods. You will be asked to sign the [Payroll Deduction Authorization Form](#) for this purpose. Your request for an additional advance will be denied automatically if you have not yet repaid a previous advance.

An employee who will be on vacation or other paid leave on payday may request an early paycheck. Please submit these requests to the Treasurer. Although we cannot guarantee that every request will be granted, we will do our best to accommodate your request.

**7:6 Payroll Deductions** Your paycheck reflects your total earnings for the pay period, as well as any mandatory or voluntary deductions from your paycheck. Mandatory deductions are deductions that we are legally required to take. Such deductions include federal income tax, Social Security tax (FICA) and any applicable state taxes. Voluntary deductions are deductions that you have authorized. Such deductions might include contributions to a retirement plan and flexible spending accounts.

If you have any questions about your deductions, or wish to change your federal withholding form (Form W-4), contact the Office Manager.

**7:7 Wage Garnishments** A wage garnishment is an order from a court or a government agency directing us to withhold a certain amount of money from an employee's paycheck and send it to a person or agency. Wages can be garnished to pay child support, spousal support or alimony, tax debts, outstanding student loans or money owed as a result of a judgment in a civil lawsuit.

If we are instructed by a court or agency to garnish an employee's wages, the employee will be notified of the garnishment at once. Please note that we are legally required to comply with these orders. If you dispute or have concerns about the amount of a garnishment, you must contact the court or agency that issued the order.

## 7:8 Expense Reimbursement

From time to time, employees may incur expenses on behalf of Creative Commons. We will reimburse you for the actual work-related expenses you incur, as long as those expenses are reasonable. You must follow the procedures in the [Reimbursement & Travel Policy](#) to get reimbursed. The general points to remember are to:

- Get permission from your supervisor before incurring an expense.
- Spend the company's money wisely; make an effort to save money and use approved vendors if possible.
- Keep a **receipt** or some other proof of payment for every expense. Credit card statements are not sufficient.
- Submit your receipts, along with an [expense report](#), to your supervisor for approval within 60 days of incurring an expense.

You are responsible for submitting your expense report to the Treasurer. If your report is approved, you will receive your reimbursement within 60 days of submission.

Remember that you are spending CC's money when you pay for business-related expenses. We expect you to save money wherever possible. Your supervisor can assist you in deciding whether an expense is appropriate.

**7.9: Procedures for Travel Expenses** If you are required to travel for CC work, CC will reimburse you for your travel expenses, including:

- The cost of travel to and from the airport or train station, including parking expenses and tolls
- The cost of airline or train tickets; such tickets must be coach class
- The cost of an economy class rental car, if necessary
- A mileage reimbursement, for those employees who prefer to use their own cars for company travel
- The cost of lodging -- employees should select moderately priced lodging if possible, and
- The cost of meals and other incidental expenses.

See the [Reimbursement & Travel Policy](#) for detailed procedures.

You must request advance approval of all travel expenses from your supervisor and follow the procedures above to have your expenses reimbursed.

Before using a personal vehicle for work-related purposes, employees must demonstrate that they have a valid driver's license and adequate insurance coverage. See [Section 9.3](#) for more details about CC's Driving Policy.

CC does not reimburse employees for their commute to and from the workplace.

## 8:00 EMPLOYEE BENEFITS

**8:1 Employee Benefit Plans** As part of our commitment to our employees and their well-being, Creative Commons provides employees with a variety of benefit plans, namely a 403(b) program and health care.

Although we introduce you to those plans in this section, we cannot provide the details of each plan here. You should receive official plan documents for each of the benefit plans that we offer. Those documents (along with any updates that we give to you) should be your primary resource for information about your

benefit plans. If you see any conflict between those documents and the information in this Handbook, the official plan documents are what you should rely upon.

The benefits we provide are meant to help employees maintain a high quality of life - both professionally and personally. We sincerely hope that each employee will take full advantage of these benefits. If you don't understand information in the plan documents or if you have any questions about the benefits we offer, please talk to the Office Manager.

**8:2 Health Care Benefits** Your health is of great importance to us, therefore we provide the following healthcare benefits: medical, dental and vision. If you have not already received detailed plan documents about each of these, contact the Office Manager who can provide you with all of the information that you need to start enjoying your healthcare package as soon as possible. If you have any questions about these benefits, feel free to ask.

Eligibility to receive healthcare benefits depends on your employee classification. See [Section 5](#) for information about employee classifications. If you are a regular full-time employee, you are eligible to receive full healthcare benefits and CC will pay 100% of the premium for you. Your eligibility begins on the first day of the month after you start work. CC does not pay any of the premium costs for your dependents (including domestic partners).

As with all of the policies in this Handbook, our healthcare coverage may change at any time. For the most current information about your healthcare benefits, refer to the plan documents or contact the Office Manager.

**8:3 State Disability Insurance** Sometimes, an employee suffers an illness or injury outside of the workplace that prevents the employee from working and earning income. If this happens to you, the state disability insurance may provide you with a percentage of your salary while you are unable to work. All employees are eligible for this coverage and pay for it through deductions from their paychecks.

To find out more about state disability insurance, contact a California State Disability Insurance office. For contact information, see the [SDI website](#).

If you suffer from an illness or injury that is work-related, then you may be eligible for workers' compensation insurance instead of state disability insurance. See the Workers' Compensation Insurance policy, below, or contact [Corporate Counsel](#) for more information.

**8:4 Workers' Compensation Insurance** If you suffer from an illness or injury that is related to your work, you may be eligible for workers' compensation benefits. Workers' compensation will pay for medical care and lost wages resulting from job-related illnesses or injuries.

If you are injured or become ill through work, please inform your supervisor immediately regardless of how minor the injury or illness might be.

To find out more about workers' compensation coverage, contact the California State [Division of Workers' Compensation](#).

If you are unable to work because of an illness or injury that is not related to work, then you might be eligible for state disability insurance instead of workers' compensation. See the Disability Insurance policy, above, or contact Corporate Counsel for more information.

**8:5 Unemployment Insurance** If your employment with our Company ends, you may be eligible for unemployment benefits. These benefits provide you with a percentage of your wages while you are unemployed and looking for work. To find out more, contact [Corporate Counsel](#).

## **9:0 USE OF COMPANY PROPERTY**

### **9:1 CC Property**

We have invested a great deal of money in the property and equipment that you use to perform your job. It is a senseless and avoidable drain on the company's bottom line when people abuse company property, misuse it or wear it out prematurely by using it for personal business.

We ask all employees to take care of CC property and to report any problems to your supervisor or the Office Manager. If a piece of equipment or property is unsafe for use, please report it immediately.

Please use property only in the manner intended and as instructed. We do not allow personal use of CC property unless specifically authorized in this Handbook.

Failure to use CC property appropriately, and failure to report problems or unsafe conditions, may result in disciplinary action, up to and including termination. For information on use of computers, the Internet and software, see [Section 15](#) of this Handbook.

**9:2 Telephone System** The Company's telephone system is for business use only. Employees are expected to keep personal calls to a minimum. If you must make or receive a personal call, please keep your conversation brief. Extensive personal use of CC phones is grounds for discipline.

See Section [14](#) of this Handbook for information on privacy and telephones.

**9:3 Return of Company Property** When your employment with CC ends, we expect you to return company property -- and to return it clean and in good repair. This includes all handbooks, manuals guides, documents, phones, computers, equipment, keys and tools. We reserve the right to take any lawful action to recover or protect our property. If you do not return a piece of property, we will withhold from your final paycheck the cost of replacing that piece of property. If you return a piece of property in substantial disrepair, we will withhold from your final paycheck the cost of repair. We also reserve the right to take any other lawful action necessary to recover or protect our property.

## **10.0 LEAVE AND TIME OFF**

### **10.1 Vacation**

Creative Commons offers a paid vacation program. All employees who have worked more than 30 days are eligible to participate in the paid vacation program. Employees accrue vacation time according to the following schedule:

Years of Employment / Vacation Accrual

0-4 = 15 days per year, at the rate of 1 1/4 days per month (amended 07/27/05)

4 or more = 20 days per year, at the rate of 1 2/3 days per month

The number of hours in a "day" of vacation will be pro-rated according to the number of hours that the employee ordinarily works for the company.

Employees must schedule their vacations in advance, with their supervisor. We will try to grant every employee's vacation request for the days off of their choice. However, we must have enough workers to meet our day-to-day needs -- which means we might not be able to grant every vacation request, especially during holiday periods.

Employees may not accrue more than 20 days of vacation time. Once an employee's vacation balance reaches this limit, an employee may accrue more vacation only by taking some vacation time to bring the employee's balance back below the limit. Employees will be paid for any accrued and unused vacation when their employment terminates.

### **10.2 Holidays**

Creative Commons observes the following holidays each year: New Year's Day, Martin Luther King Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the Friday after Thanksgiving. If your office is located in a jurisdiction that requires observance of different holidays, your local rules will govern your holiday benefits.

Although not an official holiday, CC and iCommons often close their offices for Winter Break from December 24 through January 1. [12/01/06]

If a holiday falls on a weekend, the company will inform you when the holiday will be observed. Ordinarily, holidays falling on a Saturday will be observed the preceding Friday; holidays falling on a Sunday will be observed the following Monday.

Eligible employees are also entitled to take 2 floating holidays each year. These holidays may be used to observe a religious holiday, to celebrate your birthday or simply to take a day off for personal reasons. You must schedule your personal holidays in advance. If you do not use your floating holiday, it cannot be carried into the next year.

### **10.3 Sick Leave**

Creative Commons provides paid sick days to all employees who work more than 20 hours per week and have been employed by the company for more than 30 days. Eligible employees accrue 6 sick days per year at the rate of 1/2 day per month. The company will not pay employees for sick days that have accrued but have not been used when employment ends.

Employees may use sick leave when they are unable to work due to illness or injury. Sick leave is not to be used as extra vacation time, personal days or "mental health" days. Any employee who abuses sick leave may be subject to discipline. You must report to your supervisor if you will need to take sick leave. We ask that employees call in as soon as they realize that they will be unable to work, before the regular start of their work day. You must report to your supervisor by phone each day you are out on leave.

Employees may accrue a maximum of 12 days of sick leave. Once an employee has reached this limit, no more sick leave will accrue until the employee uses sick leave to reduce the accrued total below the maximum.

Employees may also use sick leave for any additional purposes required by the law of the state where the employee is located.

### **10.4 Family and Medical Leave**

Because of our small size, Creative Commons is not required to comply with the federal Family and Medical Leave Act (FMLA). We are, however, subject to various family and medical leave provisions in some of the states where our employees reside and we will provide leave to qualified employees in accordance with the state laws that apply to them. These may include leave for such reasons as maternity, adoption, school activities and serious medical conditions. For questions about family and medical leave provisions that apply to you, please consult your supervisor.

Even if you are not covered by state leave provisions, if you anticipate that you might need time off to deal with family and medical issues, please talk to your supervisor. We can't guarantee that we'll grant every request, but we will seriously consider every request on a case-by-case basis. Among other things, we may

consider our staffing needs, your position at the company, the reason why you need leave and how long you expect your leave to last.

For California residents: State Disability Insurance Provisions at [http://teamspace.creativecommons.org/wiki/images/d/dd/California\\_SDInfo\\_de2515.pdf](http://teamspace.creativecommons.org/wiki/images/d/dd/California_SDInfo_de2515.pdf)

### **10.5 Bereavement Leave**

If you suffer the death of an immediate family member, you are entitled to take up to three days off work. This leave will be paid.

Immediate family members include parents, children, siblings, spouses, and domestic partners.

The Company will consider, on a case-by-case basis, requests for bereavement leave for the death of someone who does not qualify as an immediate family member under this policy.

### **10.6 Military Leave**

Creative Commons supports those who serve in the armed forces to protect our country. In keeping with this commitment, and in accordance with state and federal law, employees who must be absent from work for military service are entitled to take a military leave of absence. This includes veterans who want to participate in a Veterans or Memorial Day exercise, parade or service.

This leave will be unpaid. During this unpaid leave, employees are entitled to use applicable paid time off (vacation time or personal days) during their leave.

We will continue your health insurance benefits during your leave, under these circumstances:

- If you are absent for 30 or fewer days, you will be treated as an employee not on leave. CC will continue to pay its share of the insurance premium, and you must continue to pay your usual share.
- If your leave lasts longer than 30 days, you will have to pay the entire premium to continue your benefits.

When an employee's military leave ends, that employee will be reinstated to the position he or she formerly held, or to a comparable position, as long as the employee meets the requirements of federal and state law.

Employees who are called to military service must tell their supervisors as soon as possible that they will need to take military leave. An employee whose military service has ended must return to work or inform the Company that he or she wants to be reinstated in accordance with these guidelines:

- For a leave of 30 or fewer days, the employee must report back to work on the first regularly scheduled workday after completing military service, allowing for travel time.
- For a leave of 31 to 180 days, the employee must request reinstatement within 14 days after military service ends.
- For a leave of 181 days or more, the employee must request reinstatement within 90 days after military service ends.

### **10.7 Voting**

We encourage employees to exercise their right to vote. If your work schedule and the location of your polling place will make it difficult for you to get to the polls before they close, you are entitled to take up to 2 hours off work, at the beginning or end of your work period, to cast your ballot. This time will be paid.

Employees who will need to take time off work to vote must inform their supervisors at least 2 days in advance. Employees are expected to work with their supervisors to ensure that their absence doesn't negatively impact Company operations.

### **10.8 Jury Duty**

If you are called for jury duty, you are entitled to take time off, as necessary, to fulfill your jury obligations. You will be paid for up to 3 days of jury service; if your service extends beyond this period, the remainder of your leave will be unpaid. No employee will face discipline or retaliation for jury service.

You must immediately inform your supervisor when you receive your jury duty summons. If you are chosen to sit on a jury, you must inform your supervisor how long the trial is expected to last. You must also check in with your supervisor periodically during your jury service, so the Company knows when to expect you back at work.

On any day when your jury service ends before the end of your usual work day, you must check in with your supervisor to find out whether you need to return to work for that day.

## **11:0 DRIVING POLICY**

### **11.1 Requirements for Drivers**

Certain positions require driving while on the job. Employees must meet the following criteria in order to be allowed to drive for business:

1. All operators must have a valid driver's license for at least three years.
2. The employee must be at least 18 years old.
3. Sign the release form allowing CC to access his/her driving record. A Motor Vehicle Report (MVR) may be requested by a third party vendor by CC annually. Based on this report, employees with moving violations and/or excessive points may be considered by CC as an unsafe operator of a motor vehicle, jeopardizing an employee's driving privilege with the company. CC reserves the right to require existing employees to submit MVR's as necessary.
4. If driving their personal vehicle, provide proof of insurance prior to any driving taking place. The limits must be a minimum of \$300,000.
5. The employee must maintain an acceptable driving record at all times.
6. The employee must ensure that CC authorizes in advance any passengers who ride with them in any vehicle while on business.
7. An employee shall not drive for business when s/he is required to take medication that may impair his or her ability to safely operate a moving vehicle.

### **11.2 General Information**

Driving in the course of business means only that driving which is required by the company while employees are working. This includes driving company-owned vehicles or using personal or rented vehicles in the course and scope of company business.

CC does not assume any liability for bodily injuries or property damage the employee may become personally obligated to pay arising out of an accident occurring in connection with the operation of his/her own vehicle. CC does not provide insurance coverage for damages to motor vehicles.

CC assumes no responsibility or liability for the operation of the personal vehicle while the individual is not in the employment of, and on assignment for, the company. Under the following conditions you are **not** considered to be under the employment of CC and therefore are totally responsible for all liability associated with it:

- Driving to and from work which is considered commute time.
- Driving your vehicle for breaks, time off, personal destinations or personal errands.

Mileage reimbursement for the use of a privately owned motor vehicle is considered full payment for its use. See the sections on Rental Car Policy and Other Transportation in the [Detailed Reimbursement and](#)

[Travel Policy](#) for more information. Employees are responsible for all maintenance, repair, insurance, upkeep, and any other expenses that may be related to the operation of a personal vehicle.

Personal vehicles are expected to be suitable for the professional conduct of business and in a condition which insures employee safety.

As a situation may require, CC may deviate from this policy, and may amend, modify, add to, eliminate/delete, or otherwise change the policy at any time, with or without notice.

### **11.3 Cell Phones**

Talking on and dialing cell phones and other portable phones can distract employees while driving. Employees are required to operate vehicles safely at all times while driving on company business. Employees must give their full attention to driving and must not be distracted by passengers, cell phones or excessively loud music. Employees are prohibited from driving while writing, reading and while using cell phone or other portable phones. Employees should pull off the road safely and stop in the first available safe parking area, if they need to use these communication devices or perform such tasks.

## **12:0 WORKPLACE BEHAVIOR**

### **12:1 Performance Expectations**

Each and every employee at Creative Commons contributes to the success or failure of our mission. If one employee allows his or her performance to slip, then all of us suffer. We expect everyone to perform to the highest level possible.

Poor job performance can lead to discipline, up to and including termination.

### **12:2 Please Act Professionally**

People who work together have an impact on each other's performance, productivity and personal satisfaction in their jobs. In addition, how we act toward users and vendors will influence whether those relationships are successful for CC.

Because your conduct affects many more people than just yourself, we expect you to act in a professional manner whenever you are on CC property, conducting CC business or representing CC at business or social functions.

### **12:3 Punctuality and Attendance**

You are important to the effective operation of this business. When you are not here at expected times or on expected days, someone else must do your job or delay doing his own job while he waits for you to arrive. If you work with users or vendors, they may grow frustrated if they can't reach you during your scheduled work times.

We know that our employees put a high premium on the quality of their work and that much of CC's work can be performed from home, so CC has a fairly flexible policy about work attendance. However, please bear in mind that some staff positions require keeping more regular hours. Please respect the limits this puts on those employees by communicating with them during those hours. (In [Section 6](#) of this Handbook, you can find a description of this Company's work hours, time-keeping and scheduling policies.)

Be prompt for all meetings and appointments. If you are going to be more than 20 minutes late, call your supervisor. If you cannot reach this person, please leave a message on your supervisor's voice- or e-mail or with the Officer Manager. Please give this notice as far in advance as possible.

If you must miss a full day of work for reasons other than vacation, sick leave or other approved leave (such as leave to serve on a jury or for a death in a family), you must notify your supervisor as far in

advance as possible. If you cannot reach this person, contact the Office Manager or leave a voicemail. (You can find information about CC's vacation and leave policies in Handbook [Section 10.](#))

If you continue to (a) be late for your scheduled work hours or (b) fail to appear without calling in as required by this policy or by other policies in this Handbook, and you have been notified by your supervisor that this behavior is unacceptable, you will face disciplinary action, up to and including termination.

#### **12:4 Employee Appearance and Dress**

We ask all employees to use common sense when they dress for work. We will try to reasonably accommodate an employee's special dress or grooming needs that are the result of religion, ethnicity, race or disability.

#### **12:5 Threatening, Abusive or Vulgar Language**

We expect CC staff to treat everyone they meet through their jobs with courtesy and respect. Threatening, abusive and vulgar language has no place in our workplace. It destroys morale and relationships, and it impedes the effective and efficient operation of our business.

As a result, we will not tolerate threatening, abusive or vulgar language from employees while they are on the worksite, conducting company business or attending company-related business or social functions.

If you have any questions about this policy, contact [Corporate Counsel](#).

Employees who violate this policy will face disciplinary action, up to and including termination.

#### **12:6 Discipline**

Violations of Handbook policies may lead to disciplinary action. The following types of conduct may result in immediate termination:

- theft of company property
- excessive tardiness or absenteeism
- fighting with coworkers, managers or supervisors
- brandishing a weapon at work
- threatening the physical safety of coworkers, managers or supervisors
- physically or verbally assaulting someone at work
- any illegal conduct at work
- using or possessing illegal drugs at work
- failing to carry out reasonable job assignments
- insubordination
- making false statements on a job application
- violating company rules and regulations, and
- unlawful discrimination and harassment.

It is impossible to compile an exhaustive list of the types of conduct that will result in immediate termination. The ones listed above are merely illustrations.

You should remember that your employment is at the mutual consent of you and CC. This policy does not change this fact. This means that you or CC can terminate our employment relationship at will, at any time, with or without cause, and with or without advance notice.

As a result, this Company reserves its right to terminate your employment at any time, for any lawful reason, including reasons not listed above. You also have the right to end your employment at any time.

### **13:0 PERFORMANCE REVIEWS**

- CC's Office Manager will aspire to circulate a review tree on an annual basis so that personnel can adequately prepare for annual performance reviews.

#### **Review Procedure**

1. Review interview should be scheduled for

- a date within 90 days of the anniversary of employee's employment or,
- in the case of new employees, within 90 days of the date of employment, and
- the employee should receive at least 2 weeks' notice of the interview date.

2. Employee should be instructed to prepare a list of projects that they have worked on since the last review or since employment & send this list to the people who report to them & who work closely with them.

3. The people to whom the employee reports then send their responses on the questions set out in Review Template for those projects, in respect of which they have with the employee. Completed Review Templates are then sent to the reviewer, who also completes their own Review Template.

4. The reviewer will send to the employee and/or if necessary and appropriate, meet with the employee to discuss.

5. A copy of the completed Review Record should be retained for personnel records.

6. Any employee who is dissatisfied with the review process should be instructed to contact Corporate Counsel to discuss his/her complaint.

#### **Unscheduled Performance Reviews**

Managers are encouraged to give less formal feedback to staff on a more frequent basis, particularly if performance is a concern.

The first step is to hold a documented, but not written discussion with the employee. The problem should be outlined, expectations for improvement specified, and a set of consequences for failure to improve communicated. If desired, the manager can request that HR or another manager be present.

If this is not sufficient to correct problems, the manager should follow with a written warning that the employee signs (in acknowledgement of receipt, not in agreement with the warning). The written warning should include detailed goals to be completed within a set time frame, and a date when the parties will meet in approximately 3-6 weeks to review progress. A clear explanation of the consequences of failure to comply should be included (dismissal, demotion, reassignment, etc.). The manager should make a written record of this meeting.

If the employee is unable to meet the written expectations, then the manager should, after first consulting Corporate Counsel on required procedures, be prepared to carry out the consequences.

### **14:0 EMPLOYEE PRIVACY – In progress**

### **15:0 COMPUTERS, EMAIL AND THE INTERNET – In progress**

## **16:0 RECORDS – In progress**

## **17:0 DRUGS AND ALCOHOL – In progress**

## **18:0 INTELLECTUAL PROPERTY, TRADE SECRETS and CONFLICTS OF INTEREST**

### **18:1 Confidentiality and Trade Secrets**

Information is part of what makes this Company competitive. During your employment here, you will periodically learn sensitive information, either because you help to develop that information or because you need that information to do your job. It is important for the health of this business - and for the well-being of employees who depend on this business for their livelihood - that you keep information you learn through your employment confidential. Employees who improperly disclose sensitive information, confidential information, proprietary information or trade secret information to anyone outside the Company will face disciplinary action, up to and including termination. Therefore, we encourage you to contact [counsel@creativecommons.org](mailto:counsel@creativecommons.org) if you would like to learn more about this policy or if you have any questions.

All files, letters, memoranda, company-related email, reports, records, data, sketches, drawings, program listings, or other written, photographic, or other tangible material containing confidential information is the exclusive property of CC.

All such materials or copies thereof shall be delivered to CC, upon the earlier of (i) a request by CC or (ii) termination of your employment. After you leave this Company, you are still legally prohibited from disclosing sensitive, proprietary, trade secret or confidential information. If you disclose such information, we will seek legal remedies.

### **18:2 Intellectual Property**

While CC generally makes its intellectual property available on free terms, we are committed to protecting our intellectual property rights so that such terms can be enforced.

All copyrightable material created in the performance of your job duties shall belong to CC as a work made for hire. All moral rights in these works, if any, are waived by you unless prohibited by applicable law.

All inventions, discoveries, data, technology, designs, innovations and improvements (whether or not patentable or copyrightable) which are made, written, conceived, reduced to practice or developed by you, alone or jointly with others, in the performance of your job duties ("company works") are the property of CC. You agree to assign your rights in company works to CC and to cooperate in CC's efforts to file, prosecute, register or otherwise protect them.

You agree not to incorporate into any company works any material that was not created specifically for CC without first identifying it in writing to your supervisor and obtaining his or her approval in writing.

Provision 18:2 does not apply to any invention exempted by applicable state law, including California Labor Code Section 2870(a). This provision does not apply to anything developed entirely on your own time without using any CC equipment, supplies, facilities or trade secret information except for those inventions that either

- (1) relate at the time of creation, conception or reduction to practice to CC's business, or actual, or demonstrably anticipated research or development or the employment; or
- (2) resulted from any work performed by you for CC.

From time to time, CC may have agreements with other parties or with governments which impose obligations or restrictions on CC regarding inventions made during the course of work under those

agreements or regarding the confidential nature of such work. You agree to be bound by all such obligations and restrictions which are made known to you and to take all appropriate action necessary to discharge the obligation of CC under such agreements.

Breach of the provisions of this section 18 may cause CC irrevocable and substantial damage which is difficult to measure. In the event you breach or threaten to breach the conditions of this section, you agree that CC shall have the right to obtain an injunction from a court restraining such a breach or threatened breach and shall have the right to specific performance of the provisions of this Section 18. You hereby waive the adequacy of a remedy at law as a defense to such relief.

### **18:3 Staff Conflicts of Interest**

Your decisions and actions in the course of your employment with or services to CC should be based on the best interests of CC, and not based on personal relationships or benefits. You should seek to avoid situations where your personal activities and relationships conflict, or appear to conflict, with the interests of CC, except under guidelines approved by the Board. This includes situations where you may have or appear to have an indirect conflict through, for example, a significant other or a relative or other persons or entities with which you have a relationship. A conflict may also arise when you take actions or have interests that make it difficult for you to perform your work for CC objectively and effectively. You must disclose to the Audit Committee any interest that you have that may, or may appear to, conflict with the interests of CC.

There are a variety of situations in which a conflict of interest may arise. While it would be impractical to attempt to list all possible situations, some common types of conflicts are discussed below.

#### *Outside employment*

The following types of outside employment are strictly prohibited:

- employment that conflicts with your work schedule, duties and responsibilities;
- employment that creates a conflict of interest or is incompatible with your employment with CC;
- employment that interferes with the protection of CC's proprietary or confidential information;
- employment that impairs or has a detrimental effect on your work performance with CC;
- employment that requires you to conduct work or related activities on CC's property during CC's working hours or using CC's facilities or equipment; and
- employment that directly or indirectly competes with the business or interests of CC except with approval in advance by the President or Chairman of the Board.

#### *Financial interests in other companies*

You should not have a material financial interest - including an indirect interest through, for example, a relative or significant other - in any organization if that interest would give you or would appear to give you a conflict of interest with CC. If you believe that you may have a financial interest in another organization that may represent a conflict of interest with CC, it is your responsibility to bring this information to the attention of a member of the Audit Committee. If, after investigation, the Audit Committee determines that the relationship does constitute a conflict of interest with CC, you will have a period of 30 calendar days within which to terminate or modify this relationship accordingly.

#### *Transactions with related parties*

If you have a material financial interest in a transaction between CC and a third party - including an indirect interest through, for example, a relative or significant other - you must disclose that interest, and that interest must be approved by the Audit Committee. We encourage you to seek guidance if you have any questions as to whether an interest in a transaction is significant. Any dealings with a related party must be conducted in such a way that no preferential treatment is given to such related party.

#### *Corporate opportunities*

You may not directly or indirectly exploit for personal gain any opportunities that are discovered through

the use of Organization property, information or position unless the opportunity is disclosed fully in writing to the Board or its designated committee and the Board or its designated committee declines to pursue the opportunity.

*Election or appointment to public office*

You may serve in an elected or appointed public office provided that the position does not create or appear to create a conflict of interest.

*Guidance and approvals*

Evaluating whether a conflict of interest exists, or may appear to exist, requires the consideration of many factors. You are encouraged to seek guidance and approval in any case where you have any questions or doubts. CC may at any time rescind prior approvals to avoid a conflict of interest, or the appearance of a conflict of interest, for any reason deemed to be in the best interest of CC.

**19:0 DISCRIMINATION AND HARASSMENT – In progress**

**20:0 COMPLAINT and WHISTLEBLOWER POLICIES**

**20:1 General Complaint Procedures**

CC is committed to providing a safe and productive work environment, free of threats to the health, safety and well-being of our workers. These threats include, but are not limited to, harassment, discrimination, violations of health and safety rules and violence.

Any employee who witnesses or is subject to inappropriate conduct in the workplace may complain to your supervisor, to CC counsel or to any CC officer. Any supervisor, manager or CC counsel or officer who receives a complaint about, hears of or witnesses any inappropriate conduct is required to immediately notify Corporate Counsel at [counsel@creativecommons.org](mailto:counsel@creativecommons.org). Inappropriate conduct includes any conduct prohibited by our policies about harassment, discrimination, discipline, workplace violence, health and safety, and drug and alcohol use. In addition, we encourage employees to come forward with any workplace complaint, even if the subject of the complaint is not explicitly covered by our written policies.

We encourage you to come forward with complaints immediately, so we can take whatever action is needed to handle the problem. Once a complaint has been made, Corporate Counsel will determine how to handle it. For serious complaints alleging harassment, discrimination and other illegal conduct, we will immediately conduct a complete and impartial investigation. All complaints will be handled as confidentially as possible. When the investigation is complete, CC will take corrective action, if appropriate.

We will not engage in or allow retaliation against any employee who makes a good faith complaint or participates in an investigation. If you believe that you are being subjected to any kind of negative treatment because you made or were questioned about a complaint, report the conduct immediately to the Chairman or CEO.

**20:2 Whistleblower Procedures for Financial Misconduct**

CC is committed to complying with all federal, state, and local laws and regulations, and to maintaining an environment that is free of retaliation for raising matters of legal compliance and ethical violations. CC is also committed to maintaining an atmosphere of open communication and trust between employees and management, and to promoting honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships. Furthermore, the integrity of CC's financial information is paramount. CC's policies and practices have been developed as a guide to our legal and ethical responsibilities in order to achieve and maintain the highest business standards.

For these reasons, we must maintain a workplace where directors, employees and consultants, who reasonably believe that they are aware of conduct in violation of CC's legal and ethical duties (including, but not limited to, questionable accounting, internal accounting controls or auditing matters, or conflicts of interest), can raise these concerns free of any harassment, discrimination or retaliation. Therefore, it is the policy of CC to encourage these persons to promptly report those concerns, anonymously or otherwise, to a member of the Audit Committee ("Audit Committee") of CC's Board of Directors (the "Board") and to prohibit discrimination, retaliation or harassment of any kind against any director, employee or consultant who reports such concerns. The current members of the Audit Committee with contact information are listed on our People page at <http://creativecommons.org/contact/>.

All reports will be taken seriously and will be promptly investigated. The specific action taken in any particular case depends on the nature and gravity of the conduct or circumstances reported and the quality of the information provided. Where any conduct in violation of CC's legal duties has occurred, such matters will be corrected and, if appropriate, the persons responsible will be disciplined.

#### *Financial controls*

As a nonprofit entity, the integrity of CC's financial information is paramount. CC's financial information guides the decisions of the Board of Directors and is relied upon by the public. If you have any questions or concerns regarding the financial controls in place, we encourage you to seek guidance from the President or the Audit Committee.

#### *Reporting and Investigation*

If you have reason to believe that you have become aware of any conduct covered by this policy, you must immediately report those facts to your supervisor or to a member of the Audit Committee. You may then be requested to document your report in writing. If you later believe that you have been subject to discrimination, retaliation, or harassment for having made a report under this policy, you must immediately report those facts to your supervisor, the President, the Chief Executive Officer, or a member of the Audit Committee. It is imperative that you bring the matter(s) to CC's attention promptly, so that any concern of discrimination, retaliation, or harassment can be investigated and addressed promptly and appropriately.

You may also report your concerns **ANONYMOUSLY** by sending an anonymous letter to any member of the Audit Committee or by sending an email to [audit@creativecommons.org](mailto:audit@creativecommons.org).

All complaints under this policy will be promptly and thoroughly investigated, and all information disclosed during the course of the investigation will remain confidential, except as necessary to conduct the investigation and take any remedial action, in accordance with applicable law. All employees and supervisors have a duty to cooperate in the investigation of reports of any conduct covered by this policy. In addition, an employee will be subject to disciplinary action, including the termination of their employment, if the employee fails to cooperate in an investigation or deliberately provides false information during an investigation. If, at the conclusion of its investigation, CC determines that a violation of policy has occurred, CC will take remedial action commensurate with the severity of the offense. This action may include disciplinary action against the accused party, up to and including termination. Reasonable and necessary steps will also be taken to prevent any further violations of policy.

#### *Discrimination, Retaliation or Harassment*

CC strictly prohibits any discrimination, retaliation or harassment against any person who reports conduct in violation of CC's legal and ethical duties (including questionable accounting or auditing matters, or the reporting of fraudulent financial information) based on the person's reasonable belief that such misconduct occurred. CC also strictly prohibits any discrimination, retaliation or harassment against any person who participates in an investigation of such complaints.

Any complaint that any directors, managers, supervisors, consultants or employees are involved in discrimination, retaliation or harassment related to the reporting or investigation of conduct in violation of CC's legal duties will be promptly and thoroughly investigated in accordance with CC's investigation procedures. If a complaint of discrimination, retaliation or harassment is substantiated, appropriate disciplinary action, up to and including discharge, will be taken.

#### *Additional Enforcement Information*

In addition to CC's internal complaint procedure, personnel should also be aware that certain federal and state law enforcement agencies may be authorized to review legal compliance, including reviewing questionable accounting or auditing matters, or potentially fraudulent reports of financial information. CC's policies and practices have been developed as a guide to our legal and ethical responsibilities to achieve and maintain the highest business standards. Conduct which violates CC's policies will be viewed as unacceptable under the terms of employment at CC. Certain violations of CC's policies and practices could even subject CC and/or the individual employee(s) involved to civil and/or criminal penalties. Before issues or behavior can rise to that level, employees are encouraged to report questionable accounting or auditing matters, suspicion of fraudulent financial information, or discrimination, retaliation or harassment related to such reports. Nothing in this policy is intended to prevent any person from reporting information to the appropriate agency when that person has reasonable cause to believe that the violation of a federal or state statute or regulation has occurred.

#### *Modification*

CC can modify this policy unilaterally at any time without advance notice. Modification may be necessary, among other reasons, to maintain compliance with state and federal regulations and/or to accommodate organizational changes within CC.

### **20:3 Our Doors Are Open to You**

We want to maintain a positive and pleasant environment for all of our employees. To help us meet this goal, CC has an open-door policy, by which employees are encouraged to report work-related concerns.

If something about your job is bothering you, or if you have a question, concern, idea or problem related to your work, please discuss it with your immediate supervisor as soon as possible. If for any reason you don't feel comfortable bringing the matter to your supervisor, feel free to raise the issue with any Company officer.

We encourage you to come forward and make your concerns known to the Company. We can't solve the problem if we don't know about it.

### **21:0 ENDING EMPLOYMENT – In progress**

## **CREATIVE COMMONS TRAVEL & REIMBURSEMENT POLICY - Complete Text**

Contact - Introduction - Reimbursement Options - Domestic Air Travel - International Air Travel - Lodging - Rental Car - Other Transportation - Meals and Entertainment - Per Diem - Telephone Usage - Non-Reimbursable Expenses - Travel Insurance - Tax Treatment of Travel Expenses - Payment of Travel Expenses - Expense Reporting - Personal/Vacation Travel - Appendices

### **INTRODUCTION**

#### **Purpose of Policy**

Business travel is important to the success of Creative Commons (CC). We appreciate the efforts of those who travel on CC business. Travelers should be comfortable while traveling, understand all travel related policies, and obtain reimbursement quickly. At the same time, it is necessary to keep trip costs within reasonable limits and to follow consistent reimbursement procedures.

Travel expenses are the ordinary and necessary expenses of traveling away from home for your business, profession, or job. Generally, employees are reimbursed for such expenses, however, expenses will not be reimbursed if they are lavish or extravagant or for personal purposes.

Furthermore, travel expenses are reimbursable only when all required approvals, including approval from government agencies or other project sponsors, are obtained prior to incurring the expense. Donors and regulatory agencies ask for an accounting of the portion of revenue dedicated to substantive programs versus the amount spent on administration costs. Failure to follow guidelines can put CC's tax exempt status at risk.

#### **This policy is intended to:**

- Ensure clear and consistent understanding of policies and procedures.
- Ensure compliance with state and federal regulations.
- Ensure maximum insurance coverage for the traveler and for CC.
- Provide guidelines that simplify travel arrangements and enable CC to better manage its annual travel budget.

#### **Scope of Policy**

This policy applies to anyone who incurs travel or entertainment expenses paid by Creative Commons (CC), regardless of the source of funds. Some funded grants may require special reimbursement policies. Consult CC's your Executive Director if you have any questions.

#### **Responsibility of Traveler**

CC travelers are expected to spend CC funds prudently and to provide documentary records of expenses. Business travel expenses will be paid by CC if they are reasonable, appropriately documented, properly authorized, and within the guidelines of this policy. Individuals who incur business travel expenses should neither gain nor lose personal funds as a result of their travel. Reimbursement requests and receipts must be submitted to CC within 90 days of the date the expense was incurred (for air travel, from the date of the return ticket).

#### **Responsibility of Travel Approver**

Approvers have primary responsibility for ensuring compliance with this policy. The approver must verify that expenses and expense reports meet the following criteria:

- The travel expense was incurred while conducting CC business.
- The information contained on the expense report and in the attached documentation is accurate and in accordance with this policy.
- The travel expense meets applicable sponsor guidelines.
- The expenditure is charged to the proper account(s).
- Consistent reimbursement procedures are followed in accordance with Cost Accounting Standards Board (CASB) guidelines.

Employees may not authorize travel or approve expense reimbursement for themselves, nor for a person to whom they report either directly or indirectly.

### **Responsibility of Executive Directors (EDs)**

The President and the Executive Directors have approved this policy and with the help of the Approver(s) will ensure compliance with this policy by their personnel. EDs can make exceptions to this policy in the event of extenuating circumstances. Letters of explanation should be addressed to the President.

### **Responsibility of Creative Commons**

CC's travel policy meets the IRS definition of an "accountable plan." As a result, travel reimbursements do not have to be reported as income to the traveler.

Under the accountable plan, travel advances and reimbursement of expenses must meet three requirements:

- Advances and reimbursements must be made for business expenses only and must be reasonably related to the expenses the employer is expected to incur.
- Travelers must provide a statement substantiating the amount, time, use, and business purpose of expenses within a reasonable time (not to exceed 90 days) after the expenses are incurred (or for air travel, from the date of the return flight).
- Employees must return any unsubstantiated amounts within 120 days after the expenses is paid or incurred and must return advance amounts in excess of substantiated expenses within fifteen days after completion of the trip.
- It is the responsibility of CC to ensure that approvers and staff are informed that they are liable for their actions.

### **Tax Exemption**

CC's purchases are exempt from state sales tax in Massachusetts. CC's tax exempt number in Massachusetts is 04-3585301. Vendors may download a copy [here](#).

### **Fundraising and Development Travel**

CC recognizes the unique nature of certain travel and entertainment expenses incurred for fundraising and development activities. If these activities necessitate a deviation from stated travel policies, the traveler should attach a brief explanation to the completed expense report. A letter of prior approval from an Executive Director is required.

### **REIMBURSEMENT OPTIONS**

The traveler may claim reimbursement by one of two methods for expenses incurred in connection with official CC travel of more than one day. The method selected must be used for the entire trip:

### **Actual Expenses:**

The traveler may be reimbursed for the actual costs of reasonable and necessary meals, lodging, and gratuities. Tips for meals must not exceed 20% of the cost of meals. Any tip charges in excess of that amount will not be reimbursed.

Reimbursement of meals when there is no overnight travel will be paid only when the meal has a defined CC business purpose. Payments for alcohol and related taxes and tips may not be charged to a government sponsored account/activity.

### **Per Diem:**

The traveler may be reimbursed for lodging, meals and related expenses on the basis of a full per diem rate (see Per Diem Rates below).

### **One-Day Travel**

In general, trips of less than 50 miles one way from the office are considered local travel and do not qualify for an overnight stay. The Internal Revenue Service (IRS) does not allow travel meal expense for one-day travel (no overnight stay). Per diem rates may not be used for one-day travel. However, a bona fide business meal may be reimbursed.

## **DOMESTIC AIR TRAVEL**

Domestic travel includes travel within and between any of the United States and its territories and possessions, with the exception of Alaska and Hawaii. (Please refer to International Air Travel for Alaska and Hawaii.) It also includes travel between the United States and Canada when the travel is sponsored by a federal agency.

### **Airline Class of Service**

Travelers are expected to book the lowest-priced, non-stop coach class airfare available.

Business class and first class domestic travel will not be reimbursed unless approved by an Executive Director explaining the medical reasons or extenuating circumstances that require such service.

Foundation and government sponsor regulations may prohibit the charging of business class or first class air travel. They may also prohibit the inclusion in indirect costs of the differential between a coach class fare and a business or first class fare. Therefore, whenever business or first class travel is approved, any cost in excess of the coach fare must be particularly noted on the expense report as "items ineligible for direct or indirect federal reimbursement."

### **Upgrades for Domestic Air Travel**

An upgrade at the expense of the company is not permitted. When a traveler prefers a higher class than that authorized for reimbursement, the traveler must pay the incremental difference.

### **Airline Frequent Flyer Programs**

CC will not reimburse travelers for tickets purchased with frequent flyer miles.

### **Airport Airline Club Memberships**

Dues for membership in an airline club are not reimbursable.

### **Lost or Excess Baggage**

The airlines are responsible for compensating the owners of lost baggage. CC will not reimburse travelers for personal items lost while traveling on business.

Employees will be reimbursed for excess baggage charges only in the following circumstances:

- when traveling with heavy or bulky materials or equipment necessary for business.
- when traveling for more than fourteen days. Travel Agents may be able to secure special arrangements if given advance notice.

### **Cancellations**

When a trip is canceled after the ticket has been issued, the traveler should inquire about using the same ticket for future travel.

### **Unused/Voided Airline Tickets - Paper/Electronic (E-Tickets)**

- Unused airline tickets or flight coupons may have a cash value and therefore must not be discarded or destroyed.
- To expedite refunds, unused or partially-used paper airline tickets must be returned immediately to the travel agency that issued the ticket.
- To refund e-tickets you must notify the travel agency that issued the ticket that you are requesting a refund.
- Unused tickets must not be sent to the airline unless they were issued directly from the airline. Contact the airline for their return procedures and requirements.
- Travelers must not include unused tickets with their Expense Reports.

For a change fee, some non-refundable tickets can be used for future travel. Unused non-refundable tickets should be returned to the traveler's approver to keep on hand for future business travel. The traveler may claim reimbursement from CC for the change fee.

### **Lost or Stolen Airline Tickets**

Upon discovery of a lost or stolen ticket, the traveler should immediately report the loss to the issuing travel agency, which will file a lost ticket application.

## **INTERNATIONAL TRAVEL**

Airline Class of Service for International Travel Travelers flying to destinations outside the continental US must book the lowest-priced non-stop coach class airfare available.

Exception: Business Class is allowed if air travel exceeds six (6) hours of uninterrupted flying time and only with prior written approval of the President. Please refer to the section below for regulations on sponsored project international travel.

First class travel is prohibited for all destinations without a letter from your Executive Director explaining the medical reasons or extenuating circumstances that require such service.

## **Upgrades for International Air Travel**

An upgrade at CC's expense is not permitted.

## **Passports and Visas**

Unless travel is being booked entirely by CC, travelers must take responsibility for their own passport and visa applications. Fees for visas required for business travel are reimbursable expenses.

## **International Travel Advisories**

- Employees should not travel to countries for which a travel advisory has been issued by the State Department. Anyone traveling to one of these countries should refer to the Corporate Counsel for information on War Risk insurance and Medical Evacuation insurance.
- U.S. State Department Travel Advisories are currently posted on the Department of State website at [http://travel.state.gov/travel/warnings\\_current.html](http://travel.state.gov/travel/warnings_current.html).

## **Foreign Currency Tips**

Because the conversion rate is usually better abroad, it is advisable to change unused local currency back to U.S. dollars before departing from the foreign country. Note that in certain countries travelers must turn in all local currency before departing.

For information on foreign currency conversion and expense reporting, please refer to the section entitled Expense Reporting.

## **LODGING**

### **Hotel Reservations**

- CC may have negotiated special rates with certain vendors. Travelers should check with CC Teamspace to take advantage of these savings.
- Travelers whose room night expenses appear to be excessive and unsubstantiated by the Business Purpose may require Executive Director or President approval.
- When making a reservation directly with a hotel, it is necessary to identify the traveler as a CC employee in order to obtain the negotiated rate.
- When traveling on federal projects, travelers should request the hotel's government rate. A letter from the sponsored project stating the funding source is sometimes required upon check-in.

### **Conference Reservations**

- If there are several conference hotels, travelers should choose the non-luxury property.
- Travel agents can often book the conference hotel rates based on codes provided in the conference information.

### **Hotel Upgrades**

- An upgrade at the CC's expense must be explained on the Expense Report.

### **Hotel Cancellation Procedures**

- It is the traveler's responsibility to notify either the hotel or the agency with whom the reservation was made to cancel a room reservation.
- Travelers should remember that cancellation deadlines are based on the local time at the destination hotel.
- Travelers should request and record the cancellation number in case of billing disputes.
- Travelers will not be reimbursed for "no show" charges.

### **Hotel Personal Expenses**

Personal expenses incurred while traveling will not be reimbursed. [Click here](#) for a list of Non-Reimbursable Expenses.

### **Lodging in a Private Residence**

Travelers who stay in a private residence with relatives or friends while traveling on business

- Will be reimbursed for reasonable actual expenses incurred to extend appreciation to friends or relatives for their hospitality.
- May need to get prior departmental approval for any token of appreciation given to relatives or friends.
- Must submit original receipts for any token of appreciation.

Note: When traveling on government-sponsored project funds, tokens of appreciation are not allowable.

### **Hotel Frequent Guest Programs**

Many hotels have frequent guest programs that reward travelers with free accommodations in exchange for a specified number of paid room nights at the hotel. CC will not reimburse travelers for the value of free accommodations used for business travel.

Travelers on CC business should select hotels based on reasonable pricing and not on their frequent guest memberships. Membership fees associated with joining these programs are not reimbursable.

### **RENTAL CAR POLICY**

Rental Car Guidelines Travelers may rent a car to their destination when:

- Driving is more convenient than airline or rail travel.
- Driving is necessary to transport large or bulky material.

Travelers may rent a car at their destination when it is less expensive than other transportation modes such as taxis, airport limousines, and airport shuttles.

### **Rental Car Reservations**

CC may have preferred vendors who offer special discounts for CC travelers. Check CC Teamspace for such vendors.

- When traveling on CC business, travelers may rent up to and including a full size vehicle.

- Travelers will be responsible for daily rental costs in excess of the approved car class.
- When traveling on CC business, travelers should obtain their own automobile liability insurance.

### **Rental Car Upgrades**

Travelers may book a class of service above a full size vehicle:

- When cars in the authorized category are not available.
- When additional space is required for transporting materials.
- For pre-approved medical reasons.
- When the traveler can be upgraded at no extra cost to CC.

### **Rental Car Costs**

- Reimbursable costs include the daily rental fee, mileage fee, gasoline charges, tolls, and authorized insurance charges.
- Non-reimbursable costs include, but are not limited to, car repairs, tickets, fines, and traffic violations.

### **Rental Car Cancellation Procedures**

- Travelers are responsible for canceling rental car reservations and must contact either the travel agency or the rental car company.
- Travelers should request and record the cancellation number in case of billing disputes.

### **Rental Car Pick Up**

- Travelers should check with the rental car agent for any last-minute specials or free upgrades.
- At the time of rental, the car should be inspected with a rental agent; any damage found should be noted on the contract before the vehicle is accepted.

### **Authorized Rental Car Drivers**

- All individuals who intend to drive the rented vehicle must be listed with the rental agency for insurance purposes.
- Only those who are listed as drivers are covered under insurance provided by the rental company or under the drivers' personal automobile insurance.

### **CC Rental Car Insurance - Domestic 48 U.S. States**

Collision Insurance. Employees traveling on CC business should **accept** the collision damage insurance (sometimes referred to as CDW, LDW, "physical damage"; or "comp and collision") where the employee has no car insurance policy that extends this protection to rented vehicles. Also, depending on coverage provided by the rental car company, employees should **accept** the liability insurance supplement. The rental car insurance will be primary; CC's insurance is merely supplemental and does not cover

- collision damage to the rental vehicle
- personal accident insurance (PAI) or
- excess liability insurance

CC employees traveling during business trips in the U.S. are covered to a limited extent for their own personal injury under CC's Worker's Compensation policy.

CC insurance coverage does not apply to vehicles that are rented or driven by non-employees, such as consultants and students.

Liability Insurance. Renters should purchase liability insurance coverage up to \$250,000 if it is not already included in the rate. In some states, the law does not require car rental companies to provide liability insurance.

### **CC Rental Car Insurance - International including Canada, Alaska and Hawaii**

Travelers should accept all insurance coverage when renting cars in a foreign country. Insurance coverage purchased in foreign countries is reimbursable.

### **Insurance Coverage for Personal Use of Rental Car**

Personal use of a rental car during a business trip is not covered by CC insurance in most cases. When using a rental car the day before, the day after, and during the business trip, coverage is provided. Travelers who choose to extend a business trip for personal reasons either before or after business is conducted must purchase insurance coverage for those days. This coverage is not reimbursable by CC.

### **Rental Car Accidents**

Should a rental car accident occur, travelers should submit a written accident report as soon as possible to:

- Rental Car company
- Local authorities, as required
- CC [Corporate Counsel](#)

### **Rental Cars Returns**

Every reasonable effort must be made to return the rental car:

- With a full tank of gas, to avoid refueling charges.
- To the original rental city unless approved for a one-way rental.
- Intact (i.e., no bumps or scratches).
- On time, to avoid additional hourly charges.

To avoid possible disputes, it is a good idea to conduct a visual inspection with the rental agent when returning the rental car.

### **Rental Car Club Memberships**

Membership fees for rental car club programs are not reimbursable.

## **OTHER TRANSPORTATION**

### **Personal Car Usage Guidelines**

Employees may use their personal car for business purposes:

- If it is less expensive than renting a car, taking a taxi, or using alternate transportation.
- If it saves time

- Drivers conform to the terms of CC's [Driving Policy](#).

It is the responsibility of the owners of vehicles being used for business to carry adequate insurance coverage for their protection and for the protection of any passengers. Frequent use of personal vehicles for business travel is discouraged.

See [Appendix D](#) for current mileage rates.

### **Insurance for Personal Car Usage**

When using a personal car for CC business, an employee's personal car insurance carrier is the primary insurance carrier. CC does not provide insurance coverage for property damage caused by motor vehicles.

### **Reimbursement for Personal Car Usage**

Travelers will be reimbursed for business usage of personal cars at the Federal government rate per mile. This rate covers use of the vehicle and gasoline. A new rate is issued each January and is available at <http://policyworks.gov/org/main/mt/homepage/mtt/perdiem/perd04d.html>. Tolls and parking will be reimbursed in addition to the allowance. Employees will not be reimbursed for the following, even if these costs are incurred during business travel:

- Car repairs
- Rental car costs during repair of personal car
- Tickets, fines, or traffic violations

### **Commuting Expenses**

- Travel from an employee's residence to a normal place of business is treated as a commuting expense and is not reimbursable. This includes any commuter-related expenses such as parking.

### **Ground Transportation To and From Terminals**

The most economical mode of transportation should be used to and from air, bus, and rail terminals. Public transportation and shuttle services should be considered. Employees traveling to the same location should share ground transportation whenever possible.

### **Taxis**

Routine taxi rides taken on CC business in and around the office's metropolitan area are reimbursable with receipt.

### **Sedan Service**

Private sedan or car services are normally more expensive than taxis and should be used only when valid business reasons preclude the use of more economical modes of transportation. Check on Teamspace to see whether CC has any preferred sedan service vendors.

### **Limousines**

Use of limousines is not a reimbursable expense. A letter of explanation to Executive Director must accompany any expense report that requests reimbursement of limousine travel.

## **Rail Travel**

Rail travel may be used whenever the traveler finds it convenient. All rail travel should be at the lowest available fare that offers reserved seating. For travel in excess of six hours, first class seating is allowed even if reserved seating is available in coach class. For most international rail travel, reserved seating is only available in first class.

## **MEALS & ENTERTAINMENT**

### **Personal Meal Expenses**

Personal meals are the meal expenses of travelers who are on a business trip.

Travelers will be reimbursed for personal meal expenses:

- According to actual and reasonable costs accompanied by original receipts, or
- On a per diem basis using the per diem rates set by the Internal Revenue Service. Current domestic per diem rates are available at <http://www.irs.gov/pub/irs-pdf/p1542.pdf> and <http://policyworks.gov/org/main/mt/homepage/mtt/perdiem/perd04d.html>. Current foreign per diem rates are at <http://www.state.gov/m/a/als/prdm/>.

Please note that travelers must choose either to file actual expenses or claim per diem. Mixing reimbursement methods for the same trip is not allowed.

### **Business Meal Expenses**

Business meals are defined as meals taken with non-employee colleagues, or donors during which specific business discussions take place. Employees will be reimbursed for business meal expenses based on reasonable actual costs as determined by the approver.

### **Business Meals Taken With Other Employees**

Employees will be reimbursed for business-related meals taken with other employees in the following circumstances:

- when, for confidentiality reasons, business must be conducted off CC premises, or
- when dining with other employees on an out-of-town trip such as a conference, or
- when authorized by the Executive Director for reward, recognition, or other appropriate business purpose.

Meal costs for social occasions such as employee birthdays, secretary's day, etc., must be labeled as ""items ineligible for direct or indirect federal reimbursement." Such cost, if required, should have prior Executive Director approval.

### **Alcoholic Beverages**

The use of alcohol for business entertainment purposes should be kept to a minimum. Employees should be aware that the purchase and use of alcohol places significant legal exposure on CC.

Liquor expenses may not be charged directly or indirectly to any federal grant or contract and they may be prohibited under other donor grants as well.

## **Entertainment**

Entertainment expenses include outings to night clubs, theaters, or sporting events when a business discussion takes place during, immediately before, or immediately after the event.

Employees will be reimbursed for entertainment expenses:

- with prior President or Executive Director's approval, or
- if the person(s) entertained has a potential or actual business relationship with CC, or
- if the business discussion will benefit CC.

To ensure that no portion of the expense is charged to a federal grant or contract, entertainment expenses must be labeled on the expense report as "items ineligible for direct or indirect federal reimbursement."

## **Documentation and IRS Requirements**

In order to comply with IRS rules, employees must substantiate the time, place, and business reason for the entertainment. An original receipt must be submitted with the Expense Report for any individual meal or entertainment expense. Please refer to Expense Reporting for details on substantiation.

## **Tipping for Meals**

Tips included on meal receipts will be reimbursed. As a general rule, employees should not tip more than 20% of the bill.

## **PER DIEMS**

See [Appendix D](#) for the full policy.

### **Per Diem Rates**

Current Per Diem domestic rates are available online at <http://www.irs.gov/pub/irs-pdf/p1542.pdf> and <http://policyworks.gov/org/main/mt/homepage/mtt/perdiem/perd04d.html>.

Current foreign per diem rates are at <http://www.state.gov/m/a/als/prdm/>.

IRS Per Diem Regulations IRS regulations and reporting requirements governing per diems vary as follows:

- Employees: If the per diem requested exceeds the federal per diem rate for the given location and duration of the trip, the excess amount is considered reportable income and is added to the employee's W-2.
- Independent Contractors and Board of Directors: Independent contractors, Board of Directors members, and members of advisory committees who are both based in and perform their services in the same area as the CC office cannot receive a per diem. Any per diem payments made to such individuals are reportable income and will be reported on Form 1099M.

## **TELEPHONE USAGE**

### **Business Phone Calls**

Travelers will be reimbursed for business phone calls:

- that are reasonable and necessary for conducting business,
- when the hotel bill with the itemized calls, or the original phone bill is attached to the Expense Report.

### **Personal Phone Calls While Traveling**

With department approval, business travelers will be reimbursed for personal telephone calls allowing them to stay in reasonable contact with their family.

### **Airphone Usage**

Travelers should refrain from using airphones except in emergencies or extenuating circumstances. An explanation must be noted on the Expense Report.

## **NON-REIMBURSABLE EXPENSES**

CC will reimburse or directly pay properly substantiated business expenses. Personal expenses will not be reimbursed or paid except under extraordinary circumstances. Exceptions must be approved in writing by your Executive Director or the President.

This policy applies to all expenses including travel and non-travel including those processed by a corporate travel card.

Lists of the most common personal items submitted for processing are included in this document as appendices. Individual Commons can be more restrictive and/or choose to review for appropriateness other items that may be deemed personal.

[Appendix A](#): Unallowable Expenses- No Exceptions and [Appendix B](#): Reimbursement or Payment Meeting Exception Criteria Only

### **Exceptions to Policy**

In general, exceptions to the above policy may be made for items listed in [Appendix B](#). Exceptions must be approved in writing by the President. Exception circumstances may include medical reasons, natural disasters, fund raising, development, and/or recruitment activities. It is the responsibility of Approvers to ensure that policy is followed and exceptions approved by according to policy.

### **Procedure for Exceptions**

The Executive Director or President provides a letter or email of explanation to accompany the transaction. The explanation must be explicitly documented and approved. It must include the CC business purpose. This is necessary for reference during audits (IRS, etc.).

Phrases such as the following are not acceptable as documentation: "The Executive Director approves this expense." "Okay to pay," signed by ED.

The intent of this policy is to promote consistent and appropriate transaction processing on a CC-wide basis to ensure that employees are treated equitably and to reduce business risk through heightened compliance with applicable restrictions and regulations. It is expected that exceptions to this policy will be rare. Some Commons may have more specific policies regarding allowable business expenses or dollar thresholds.

## **Compliance**

CC's expense policy must promote good business practice and ensure that external compliance requirements are satisfied. Consistent with these goals, CC must comply with IRS accountable plan rules related to business expenses.

If accountable plan rules are not satisfied, the IRS could determine that advances and expenses are reportable and taxable income (i.e., subject to withholding taxes) to the individual.

With respect to expenditures from sponsored funds, CC is subject to the terms and conditions set forth by donors and sponsors. Individuals making expenditures from these funds are responsible for understanding and abiding by these restrictions. Questions regarding expenditure restrictions should always be communicated to your Executive Director.

## **Definitions**

- Business expenses are payments for activities that primarily benefit CC and are necessary and appropriate in the conduct of CC business. These include direct payments to vendors for goods and services and reimbursements for travel, meals, and entertainment expenses related to CC activities.
- Personal expenses are payments for activities that primarily benefit the individual. (See [Appendix A: Unallowable Expenses - No Exceptions](#) and [Appendix B: Reimbursement or Payment Meeting Exception Criteria Only](#) for examples.)

As a tax-exempt enterprise, CC is exempt from certain state sales taxes. CC funds should not be used to make personal purchases for any individual, to avoid paying state sales tax, even if reimbursed in full by that individual.

- Unallowable expenses are payments or expenses incurred that will not be reimbursed or paid. For a list of unallowable expenses, see [Appendix A: Unallowable Expenses - No Exceptions](#).
- Reportable/Taxable Income
- Reportable payments must be communicated by CC to taxing authorities (e.g. salaries and wages for employees are reported on Form W-2, payments to nonresident aliens of US source income are reported on Form 1042S and payments to consultants are reported on Form 1099-MISC).
- Taxable payments are issued net of taxes withheld, such as Federal and state income taxes and FICA (e.g. salaries and wages for employees).

From CC's perspective, payments to individuals may be reportable and taxable (e.g., salaries and wages), or they may be reportable only (e.g., payments to consultants), or taxable and not reportable (e.g., fellowships for US persons). It should be noted that individuals receiving reportable only payments are responsible for determining whether or not these are taxable on their personal income tax returns.

- Substantiation provides evidence that an expense was incurred and documents that it is business related (e.g. receipts or bills with description of business connection or purpose). Original copies of receipts or bills should always be provided to substantiate business expenses unless a properly approved [Missing Receipt Affidavit](#) is provided.

## **Contributions and Donations**

As a not for profit entity, CC is permitted to make contributions and donations as long as they support its educational mission. This policy permits contributions and donations only in specific situations. See [Appendix B: Reimbursement or Payment Meeting Exception Criteria Only](#).

For purposes of this policy, contributions and donations are separated into three categories:

- major contributions and donations of CC-wide importance such as fundraising events. These should be initiated by the President.
- other monetary contributions and donations such as the purchase of flowers (or cash contribution in lieu of flowers) for deceased employees or family members. These require approval of your Executive Director.
- contributions and donations of used equipment require the approval of the President.

This policy does not require ED approval for contribution and donation transactions less than \$25.

### **Corporate Card Insurance**

See the terms of your Corporate Card for a complete description of insurance coverage, if any, provided through the Card.

### **Personal Property**

CC maintains no insurance for loss of or damage to personal property during official travel. Travelers

- Should seek reimbursement through their own insurance company or directly from the responsible party.
- Should seek reimbursement through their Corporate Card if airfare was purchased with the Corporate Card.
- Will not be reimbursed for purchase of personal property insurance.

### **CC Property**

CC maintains limited insurance coverage for company property. An individual traveling with CC equipment should contact the [Corporate Counsel](#) to discuss the need for insuring valuable items that will be taken on a business trip.

### **International Travel With CC Property**

To determine insurance needs, travelers carrying large pieces of equipment or materials that must pass through customs in non-US countries should contact the Corporate Counsel prior to their trip. Corporate Counsel can assist the traveler in obtaining a CARNET bond which will allow a traveler to easily move the materials through customs.

### **War Risk Insurance**

The U.S. State Department issues travel advisories to warn against travel in countries declared to be a war risk. Travel agencies have a current listing of war risk countries available through their reservation system. Travel in war risk countries is excluded from coverage under CC's Business Travel Insurance. Anyone traveling on CC business to a war risk country should purchase war risk insurance prior to their trip.

Federally-funded sponsored projects contractually require travelers to purchase war risk insurance whenever traveling to a war risk country. Please contact Corporate Counsel for enrollment information.

## **Medical Evacuation Insurance**

Prior to traveling to a third world or developing country, it is advisable to purchase medical evacuation insurance. Standard medical evacuation insurance provides coverage for the cost of the traveler's evacuation to the closest medical facility capable of providing the necessary treatment. If a traveler remains hospitalized for more than seven days, this coverage includes the cost of transportation to the medical facility for a person designated by the traveler.

The cost of medical treatment is not covered by evacuation insurance. It is travelers' responsibility to make sure they have adequate health coverage when traveling internationally. CC employees can contact the Director of Human Resources to inquire about coverage under CC's health plan.

## **TAX TREATMENT OF TRAVEL EXPENSES**

### **Club Memberships**

Individual dues for membership in any club organized for business, pleasure, recreation, or any other purpose are NOT reimbursable. If an exception is approved, the reimbursement must be treated as taxable income to the employee and reported to the IRS

Note: Memberships in professional societies, organizations, or institutions that are a requirement of the employee's job and approved by their department are reimbursable and not taxable.

### **Gifts, Awards and Honorarium Given to Employees**

An honorarium is treated by the IRS as the property of CC if the employee was requested to represent CC or to present information solely about CC activities. CC must declare such gifts as income on its tax returns. If the employee was invited to speak on more general matters or on topics that do not directly relate to the employee's work at CC, then the honorarium belongs to the employee and is taxable as income to him or her. Questions regarding the taxability and processing of gift and awards should be directed to Corporate Counsel.

Generally, nonprofits may not "give" away their assets, therefore personal gifts should never be purchased with CC funds. Gifts to co-workers may not be charged to CC accounts. However, CC may host celebratory events when appropriate to note a particular accomplishment that benefits the company.

### **Spousal Travel**

The travel expenses of an employee's spouse and family are not reimbursable unless pre-approved by the department.

In those situations when a spouse's attendance at a professional function or involvement in fund-raising activities serves a legitimate business purpose, reimbursement of the spouse's travel expenses does not need to be reported to the IRS .

### **Employee Recruitment**

Travel for prospective employees and their families must be authorized by the President in order to be reimbursed. Reimbursements for authorized travel expenses such as airfare, hotel, and meals incurred during the recruitment process are not taxable to the prospective employee. Prospective employees are not covered by CC's insurance.

Once an offer of employment has been accepted, travel expenses incurred by the prospective employee and family are considered taxable. Incentives negotiated during the recruitment process may not be considered "necessary or ordinary" and may therefore be reportable and taxable whether directly reimbursed to the employee or paid to a third party.

Requirements or limitations in specific sponsored contracts and grants may be applicable to recruitment travel. Contact Corporate Counsel with any sponsored project questions.

### **Moving Expenses**

Reimbursement for the relocation of newly recruited personnel is authorized at the Treasurer's level. No commitment to reimburse such expenses should be made without first consulting the Treasurer for approval.

Questions related to the taxability of recruitment and moving expenses should be directed to Corporate Counsel. CC is required to report all moving reimbursements to the IRS. Effective January 1, 1994, only qualified moving expense reimbursements are excludable from Federal gross income.

#### **Non-taxable "qualified" moving expenses include:**

- Packing of furniture and personal belongings.
- Transportation of furniture and personal belongings from the previous principal place of residence to the new principal place of residence. (For the current mileage reimbursement rates for relocation trips, contact Corporate Counsel.)
- Insurance and in-transit storage for periods of up to 30 days.
- Travel and lodging costs associated with one trip to move to the new residence by the employee and members of the employee's household.

#### **Taxable moving expenses include:**

- Pre-move house hunting, including travel, meals, and lodging once an offer has been accepted.
- Meals and lodging while occupying temporary quarters in the local office area.
- In-transit storage charges beyond the 30 day limit.
- Personal needs such as a driver's license and auto insurance.
- Real estate fees incurred when leaving the former residence or acquiring the new residence.

By January 31 of the year following the year in which taxable moving expenses are reimbursed, the employee will receive from CC a form itemizing those expenses. This form is for the employee's information only, and should not be filed with the employee's tax return. Taxable moving expense reimbursements will also be included as federal and state income on the employee's Form W-2. Neither the IRS nor State regulations permit the deduction of those expenses by the employee.

## **PAYMENT OF TRAVEL EXPENSES**

### **Corporate Card Billing and Payment**

Employees are responsible for insuring prompt payment of their Corporate Card bill each month. When submitting a corporate card bill for payment original receipts must be attached to the expense report.

All Corporate Card bills are due and payable in full upon receipt of the statement. If American Express does not receive full payment within thirty days of the statement date, cardholders will receive a written warning. If bills are not paid within sixty days, future charge privileges will be suspended. Bills not paid within ninety days will result in card cancellation.

Cardholders who will be away for more than thirty days should contact the card vendor, or make arrangements to have the bill paid.

### **Non-Corporate Card Charges**

Under the IRS Accountable Plan, Expense Reports must reach CC within sixty (60) days from the date the expense was incurred.

CC will make its best effort to reimburse travelers within 30 days of receipt of a complete expense report including all required documentation.

### **Cash Advances**

CC does not offer cash advances.

## **EXPENSE REPORTING**

Policy and procedures for travel and non-travel reimbursement transactions will be consistent for the purposes of documentation. One consistent policy for all transactions processed across all of the Commons results in more efficient processing and foster more efficient monitoring of these transactions for IRS purposes.

### **Timelines for Expense Report Completion and Submission**

CC requires travelers to file a [Travel Expense Report Form](#) within fifteen days of trip completion. Reimbursement requests for both travel and non-travel expenses must be submitted within 60 days from date of expenditure.

The IRS 'accountable plan' rules prescribe that expenses must be substantiated within a reasonable period of time based on all facts and circumstances. The rules provide safe harbors for what will be deemed a reasonable period of time. Under the IRS safe harbor' rules substantiation of business expenses within 60 days of when they were incurred is deemed to be reasonable. This has become standard industry practice. Reimbursements submitted later may result in compliance issues with IRS and CC's ability to satisfy 'accountable plan' rules.

Prepaid expenses (i.e., airfare and conference registration fee, etc.) will be subject to this policy. Prepaid expenses should be reimbursed as they are incurred and processed within 60 days from date of expenditure. It is the responsibility of the EDs to monitor these expenses, keep an accurate accounting, and maintain originals on file for four years. In the event a trip or conference is canceled the local unit must recover any reimbursements and return them to the appropriate account.

### **Approval/Authorization Process**

The following information is required for reimbursement:

#### **1. Traveler's signature:**

- The traveler must sign the expense report requesting reimbursement.
- Signing or initialing another person's name is not allowed.

## **2. Approver's signature:**

- The Approver must have authorization for the account being charged.
- The Approver cannot be the traveler.
- Whenever possible, the Approver should be the traveler's direct supervisor.
- The Approver should not report to the traveler.

## **IRS Requirements**

Under the accountable plan, travel advances and reimbursement of expenses must meet three requirements:

- Advances and reimbursements must be made for business expenses only and must be reasonably related to the expenses the employer is expected to incur.
- Travelers must provide a statement substantiating the amount, time, use and business purpose of expenses within a reasonable time (not to exceed 60 days) from the date the expenses are incurred. Original receipts must be attached to the statement.
- Employees must return any advance amounts in excess of substantiated expenses within fifteen days after completion of the trip, not to exceed sixty (60) days.

## **Cost Accounting Standards Board (CASB) Requirements**

CC must adhere to CASB regulations that require travel and entertainment expenses with similar business purposes be reimbursed in a consistent manner.

## **Substantiation**

The substantiation of expenses must include the following information:

- The amount of each separate expenditure with an original receipt for any expense.
- The dates of departure and return for each trip.
- The destinations or location (name of city or town) of travel.
- The business reason for the travel or nature of the business benefit derived as a result of travel or expenditure.

The IRS uses the business purpose to determine if reimbursement of a trip is taxable income to the traveler.

## **Documentation Requirements**

CC requires travelers to submit the following documentation to substantiate expenses on their expense report form:

- Air/Rail - original ticket receipt.
- Hotel - hotel folio.
- Car Rental - car rental agreement receipt.
- Personal Car Usage - receipts for tolls and parking and daily mileage log.
- Meals/Entertainment - credit card receipt or cash register receipt (no restaurant tear tabs).

## **In Addition:**

- Photocopies will be acceptable only with a detailed explanation of why the original is unavailable.
- Cancelled checks are not acceptable in lieu of receipts.

- Receipts must include the name of the vendor, location, date, and dollar amount.
- Credit card statements or record of charge slips accompanying the monthly billing statement are not acceptable in lieu of receipts.

Note: Click here for [Electronic Receipt](#) requirements.

### **Missing Receipts**

[Missing Receipt Affidavits](#) must be signed by both the traveler and the Approver with a complete explanation of the expense and the reason for the missing receipt.

In the event of a missing airline receipt (last page of the ticket stub), the affidavit must be accompanied by some form of documentation. The agency issuing the original ticket must be contacted and a copy of the receipt requested. All agencies are required by the Airline Reporting Commission to keep copies of every ticket they issue.

If the traveler is unable to obtain a copy of the airline receipt, a copy of the itinerary and one of the following must be included with the missing receipt affidavit:

- Credit card charge slip
- Record of charge and billing statement
- Canceled check or other record of payment

Incorrect or Incomplete Expense Reports Expense Reports that are incorrect or incomplete:

- Will be returned to the Traveler for corrective action.
- May result in delay of reimbursement.

### **Items Ineligible for Direct or Indirect Federal Reimbursement**

The difference between first or business class airfare and coach class airfare must be charged noted as "items ineligible for direct or indirect federal reimbursement." Liquor, entertainment, gifts to hosts and limousines must also be noted in this fashion.

### **Converting Foreign Currencies**

- [Expense Reports](#) must be submitted in U.S. Dollars with an explanation and translation of the foreign receipts and their conversions.
- Travelers must use the currency rates that were in effect when travel took place. Therefore, currency exchange receipts should be saved and used for converting foreign currencies back to U.S. dollars on the Expense Report.
- Use of credit cards may eliminate the need to calculate foreign currency conversions. The charges are often already converted to U.S. dollars on the billing statement, usually at favorable rates.
- For other payments, CC will use the Yahoo! foreign currency conversion calculator at [Yahoo!](#) at <http://finance.yahoo.com/currency>. The person authorizing the payment will make a screen shot of this Yahoo! page on the day that the wire transfer order or other payment authorization is executed. This screen shot is stored with our financial records for the transaction.
- When more than one exchange of the same type of foreign currency is made during the reporting period, a weighted average exchange rate (total US dollars divided by total amount of foreign currency) should be used.

## **Reimbursement Payments**

Direct Deposit is strongly recommended, otherwise reimbursement checks will be sent to the location selected by the reimbursement preparer.

## **Foreign Bank Accounts**

Foreign bank accounts may not be established in CC's name without prior written approval of the Board of Directors.

## **PERSONAL/VACATION TRAVEL**

Personal/vacation travel may be combined with business travel provided there is no additional cost to CC.

See the IRS website at <http://www.irs.gov/publications/p463/ch01.html#d0e429> for more information about allocating travel expenses when combining business and personal travel.

## **APPENDICES**

Appendix A: [Unallowable Expenses](#) - No Reimbursement

Appendix B: [Conditional Reimbursement](#)

Appendix C: [Taxes and Exemptions](#)

Appendix D: [Per Diem Policy and Travel Rates](#)

Appendix E: [Missing Receipt Affidavit](#)

Appendix F: [Electronic Receipts Requirements](#)

[Travel Expense Report Form](#)

## **CONTACT**

Diane Cabell  
diane AT cabell.us  
Corporate Counsel