

1 Purpose

- 1.1 *The purpose of this Excessive or Luxury Expenditure Policy is to provide guidelines regarding what would be considered excessive or luxury expenditures.*
- 1.2 *This policy complies with 31 CFR, Part 35, and as may be required by other statutes and regulations.*
- 1.3 *Community Plus Federal Credit Union is committed to fiscal responsibility and doing the right thing for its members. Based on our normal business practices, we have created policies that manage expenditures and ensure appropriate management oversight. These policies are reviewed and updated regularly to reflect changing business practices, laws and regulations.*
- 1.4 *This policy is the responsibility of the Organization's board of directors (board). The board has approved this policy and will review compliance with this policy no less frequently than annually, and summary data on excessive or luxury expenditures will be reported to the board as part of the compliance review.*
- 1.5 *Community Plus Federal Credit Union prohibits excessive or luxury expenditures on entertainment and events, office or facility renovations, aviation or other transportation services, or other activities or events that are not reasonable expenditures for conferences, staff development, reasonable performance incentives or other similar measures conducted in the normal course of business operations.*

2 Renovations

- 2.1 *Renovations of facilities and office spaces should be relative to the approved project and current profit plan, and tracked within the plan of the Credit Union. An exception to this can be allowed if management must deal with an emergency situation, such as an act of nature, and the expenditure is necessary to make the facility operational for customer use. At no time should renovations be done that would have the appearance of being extraordinary or excessive from perspective of the Board of Directors.*

3 Entertainment

- 3.1 *Community Plus Federal Credit Union utilizes entertainment or events to drive business and revenue growth, build member value and help advance our community and philanthropic objectives. These activities are carefully and thoughtfully evaluated to ensure that they are primarily focused on legitimate business purposes and not on extraneous recreational or non-business activities. Locations, venues, activities, food selections and entertainment are determined based on (1) the revenue-generating potential of the event, (2) where it is an*

appropriate use of Credit Union resources and (3) whether there are alternatives available that would maximize cost savings and benefits.

- 3.2 *Reasonable expenditures occur when the costs of entertainment or events do not exceed the expected benefit to the Credit Union. Expected benefit will be measured by quantitative factors - including but not limited to the return on investment, return on objective, or value to the member - and qualitative factors such as the business relationship or competitive advantage.*
- 3.3 *Entertainment or events that are focused on non-business activities or that are not intended to help advance our community and philanthropic objectives are prohibited. Exceptions will be captured through self-reporting of all entertainment or events and elevated to the CEO.*
- 3.4 *Policy violations will be identified through periodic reviews of entertainment or events. Non-compliant expenditures may be rejected and will be reported to the CEO.*

4 Conferences and Other Educational Events

- 4.1 *Staff will be provided the opportunity to attend educational conferences, seminars, and other educational events that are appropriate and fiscally prudent. These conferences should be related to the financial services industry and have a direct correlation to the employee's job. Typically, these conferences are sponsored by vendors, trade & professional associations, government agencies, or other industry related entities.*
- 4.2 *Employees should refer to the Travel and Conference Policy for additional guidance.*

5 Employee Recognition/Holiday Parties

- 5.1 *The Board of Directors agrees that employee recognition and/or holiday parties are part of an employee appreciation process. These events should be local in geographic nature, and would include costs for such things as meals and drinks, service awards, and nominal door prizes. Event costs should be kept at a reasonable level (in keeping with the Credit Union's financial position) and at venues which will adhere to this.*

6 Transportation Services

- 6.1 *Transportation for Credit Union staff to outlying locations, including branch location, conferences, business development purposes, and merger and acquisition research should be conducted in the most cost appropriate way for the Credit Union. Modes of transportation to be used may consist of vehicle,*

commercial air or rail service. The selection of transportation services will factor in cost, efficiency and timeliness of travel.

- 6.2 *Employees should refer to the Travel and Conference Policy for additional guidance.*

7 Tax Gross-ups

- 7.1 *The reimbursement of taxes owed with respect to any compensation is prohibited.*

8 Administration

- 8.1 *The Chief Executive Officer (CEO) is responsible for the day-to-day administration of this policy, and is accountable for overall adherence to this policy and must approve any exceptions. Strict adherence to this policy is mandated for all Credit Union employees. Violations of this policy shall be promptly reported to the Board of Directors. Approval of any expenses which are exception to this policy by the CEO shall certify that such approval was obtained and reported to the Board of Directors, and such certification shall be maintained in the Credit Union's corporate records.*
- 8.2 *On an annual basis, the Credit Union will deliver to the Department of the Treasury a certification, executed by two senior executive officers (one of which must be the Credit Union's principal executive officer) certifying that (i) the Organization is in compliance with this policy and (ii) the approval of any expenditure requiring the prior approval of any senior executive officer, any executive officer of a substantially similar level of responsibility, or the board of directors (or a committee of such board), was properly obtained with respect to each such expenditure.*
- 8.3 *While the Credit Union is participating in the Emergency Capital Incentive Plan with requirements as stated in 31 CFR 35.22(c) it will post a copy of this policy on the Credit Union's website. If there are any material modifications to the plan the Credit Union will post a copy to the website and submit a copy to the U. S. Department of Treasury.*
- 8.4 *Credit Union employees are encouraged to report upon discovery any improper activities to the Supervisory Committee of the Board of Directors. Improper activities are defined as any activity by an organization employee that may jeopardize the accuracy of financial reporting, represents a conflict of interest, violates credit union ethics policies, or violates any provision of this*

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June 22, 2021

policy. The report may be by mail, telephone, email or in person. All reports will be investigated in a timely manner and will be kept confidential.

- 8.4.1 The Credit Union prohibits retaliation against any employee or officer for making a good faith report of actual or suspected violations of the Credit Union's code of conduct, laws, regulations, or other policies, including this policy.
- 8.4.2 A finding of retaliation against any such employee or officer may result in disciplinary action up to and including termination.
- 8.5 *Intentional violations of this policy by Credit Union employees will result in disciplinary measures ranging from a reprimand to termination of employment. Failure to promptly report known violations by others may also be deemed a violation of the Credit Union's code of conduct.*