

**GOLDEN RAIN FOUNDATION
STAFF SUPPORT EXPENSE POLICY
Approved August 13, 2007**

1. Purpose

The Board of Directors of the GOLDEN RAIN FOUNDATION (herein referred to as "GRF") of the LAGUNA WOODS VILLAGE (herein referred to as "the Community") recognizes that employees of PROFESSIONAL COMMUNITY MANAGEMENT (herein referred to as "PCM"), its managing agent, may be required to travel or incur other expenses from time to time to conduct Community business and to further the mission of the Community. The purpose of this Policy is to ensure that (a) adequate cost controls are in place, (b) travel and other expenditures are appropriate, and (c) a uniform and consistent approach for the budgeting and timely reimbursement of authorized expenses incurred by PCM employees (herein referred to as "Personnel") is followed. It is the policy of the Community to pay for or reimburse only authorized, reasonable and necessary expenses actually incurred by Personnel. By way of general guidelines, when incurring business expenses for and in behalf of the Community, it is expected those Personnel will:

- Exercise discretion, care and good business judgment with respect to those expenses.
- Be cost conscious and spend the Community's money as carefully and judiciously as the individual would spend his or her own funds.
- Insure that those expenses have budgetary authorization and such approvals as are required by this policy.
- Report expenses, supported by required documentation, as they were actually spent, consistent with Internal Revenue Service requirements.

2. Training and Education Expenses

These are training and education expenses related to the employee's position in the Community, including federal- and state-mandated training; continuing education related to professional certifications, designations and licenses held by the employee; legal, legislative and other updates as required to maintain current knowledge of laws, regulations and technologies; and training or educational courses necessary to meet the current requirements of the position.

If there are options as to the venues or providers of training or education, the lowest cost option shall be chosen, taking into consideration registration fees and related travel costs. Where practicable, registration should be in advance and shall take advantage of early registration discounts and group discounts, and shall be paid in advance by approved check request through Accounts Payable.

3. Professional certification, designation and/or license fees

Expenses necessary to obtain or maintain such certifications, designations and licenses will be paid or reimbursed by GRF if they relate to the employee's position in the Community. Fees and/or education to obtain a certification, designation or license must be pre-approved by the appropriate supervisory personnel in order to qualify. Not included as such expenses are tuition or other school fees charged in connection with obtaining college degrees.

4. Memberships and Dues

To be paid or reimbursed by GRF, memberships and dues for trade and professional associations must directly relate to the employee's job or position in the Community and be approved by the appropriate supervisory personnel.

5. Books and Subscriptions

The original purchase or subscription of a book or other publication must have been pre-approved by the appropriate supervisory personnel, who will annually review the approved acquisitions for continuing relevancy for the Community's business and affairs. Examples of relevant publications include Condominium Blue Books, vehicle maintenance manuals, Green Book, Building Codes, and HR Magazine.

Multiple subscriptions to the same publication within the same department should be avoided by sharing as much as possible.

6. Travel expenses

Travel expenses shall be only for matters that directly benefit the Community. In determining the reasonableness and necessity of travel and its expense, Personnel and the person authorizing the travel shall consider the ways in which the Community will benefit from the travel and weigh those benefits against the anticipated costs of the travel. The same considerations shall be taken into account in deciding whether a particular individual's presence on a trip is necessary. In determining whether the benefits to the Community outweigh the costs, less expensive alternatives, such as participation by telephone or video conferencing of post-event reporting and materials or the availability of local programs or training opportunities, shall be considered.

A. Advance Approval

All trips involving air travel or at least one overnight stay must be approved in advance by the appropriate supervisory personnel.

B. Air Travel

Air travel reservations should be made as far in advance as possible in order to take advantage of reduced fares. The Community will reimburse or pay

only the cost of the lowest coach class fare actually available for direct, non-stop flights from the airport nearest the individual's home or office to the airport nearest the destination.

C. Lodging

Hotel rooms for Personnel traveling to conferences on behalf of the Community should be in the least expensive hotel designated by the conference presenter as having available rooms for the conference being attended. For other types of non-local travel, the hotel should be the least expensive one with a three star AAA rating, taking into consideration transportation options and travel times to/from the business venue. In all travel requiring hotel accommodations, reimbursement will be made at the single room rate for the reasonable cost of hotel accommodations. Personnel shall make use of available corporate and discount rates for hotels.

D. Out-Of-Town Business Meals

Personnel traveling on behalf of the Community are reimbursed for the reasonable and actual cost of meals (including tips) subject to a maximum of the federal high-low per diem meal rates as issued by the General Services Administration.

E. Ground Transportation

Rental cars will be paid or reimbursed by GRF when courtesy shuttles or public transportation are not available or appropriate, when cheaper than taxicabs, or when more convenient and less expensive than airline travel. Such cars shall be classified "economy" or "subcompact" unless two or more employees are traveling together, in which case a "compact" or "midsize" car would be appropriate. Personnel are expected to refuel rental cars prior to returning them to the rental agency in order to avoid their excessive price for gasoline; the prepaid gas option shall not be used.

F. Personal Cars

Personnel are compensated for use of their personal cars when used for Community business. When individuals use their personal car for such travel, including travel to and from the airport, mileage will be allowed at the currently approved IRS rate per mile.

In the case of individuals using their personal cars to take a trip that would normally be made by air, e.g. Orange County to San Francisco, mileage will be allowed at the currently approved IRS rate; however, the total mileage reimbursement will not exceed the sum of the lowest available round trip coach airfare.

G. Parking/Tolls

Parking and toll expenses, including charges for hotel parking, incurred by Personnel traveling on Community business will be reimbursed. On-airport parking is permitted for short business trips. For extended trips, Personnel should use off-airport facilities.

7. Staff Entertainment, Meals and Business Meetings

GRF's board of directors believes that this type of activity serves a legitimate and useful business purpose in fostering internal business related communication, esprit de corps among staff, etc. The annual amount of these expenditures will be determined as part of GRF's annual budget.

8. Mileage

Mileage for business use of a personal automobile shall be reimbursed at the IRS-approved rate in effect at the time of the business use.

9. Expense Reports

A. Expenses paid in advance

When an expense item can be appropriately paid in advance, wherever possible a request shall be made on a Check Request form submitted to Accounts Payable. The original invoice, registration form or other supporting documentation, including an explanation of the business purpose for the expense as outlined below for Expense Reports, must be attached to the Check Request form.

B. Expense Reports for Reimbursements

Expenses will not be reimbursed unless the individual requesting reimbursement submits a written Expense Report. The Expense Report, which shall be submitted at least monthly when reimbursement is sought or within two weeks of the completion of travel if travel expense reimbursement is requested, must include the following:

- Date and place of the event, travel, entertainment, purchase, etc.
- Nature of the expense
- Names, titles and corporate or other affiliation of those participating, entertained or in attendance
- A complete description of the business purpose for the activity including the specific business matter(s) discussed. If reimbursement for travel is requested, the date, origin, destination and purpose of the trip, including a description of each Community related activity during the trip
- Vendor receipts (not credit card receipts or statements) showing the vendor's name, a description of the services provided (if not otherwise obvious), the date, and the total expenses including tips (if applicable).

10. Credit Cards

Credit cards may be issued in the name of GRF, and will be used only for the purchase of budgeted tangible goods, services, and equipment that are required for use in or for the Community and where it would be disadvantageous to utilize the customary staff reporting and reimbursement process to make such expenditures.

11. Other expenses

No policy can anticipate every situation that might give rise to legitimate business expenses. Reasonable and necessary expenses, which may not be listed in this policy, may be incurred. The Managing Agent must use his/her best professional judgment in determining if an unlisted expense is reimbursable under these provisions of this policy.

12. Non-Reimbursable Expenditures

Expenses that will not be reimbursed or paid by the Community include:

- Gifts given to Personnel for professional recognition days, birthdays, weddings, holidays and birth celebrations
- Upgrades from coach airfare, economy rental car or hotel room; headset rentals, in-flight phone calls; travel insurance
- Hotel amenities such as pay-per-view movies, room service, sauna/gym spa services, laundry/dry cleaning, mini-bar
- Mileage for use of personal automobile to attend voluntary social events such as off-site employee relations functions
- Club memberships of any kind, sporting or other entertainment event tickets, airline club dues
- Alcohol purchases
- Traffic or parking tickets or fines
- Sightseeing, golf or other personal side trips or entertainment while traveling or attending conferences
- Clothing or other personal purchases
- Valet service
- Car washes
- Expenses for spouses, friends or relatives.

13. GRF-Paid Expenses and the Budgeting Process

PCM, as part of the annual budget process for GRF, shall include a report that will indicate the annual amount to be included in the budget, as a separate line item, for each of the following expense items:

- A. Personnel training and continuing education required to maintain professional certification and/or licensing or to acquire job related technological skills. The training, continuing education, and/or certification or licensing will be identified by name and/or type.
- B. Membership and dues in trade and professional associations that are directly related to an employee's position in the Community and will enhance the ability to perform his/her duties and responsibilities for the Community. The memberships and the attendant dues will be identified.
- C. Professional and trade association conferences that Personnel expect to attend during the budget year. These conferences shall be identified by name, time and location.
- D. Professional certification, designation and/or license fees necessary to obtain or maintain such professional standing. The certifications and/or license fees will be identified.
- E. Staff support expenditures for staff entertainment, meals and business meetings. The types of staff support expenditures will be listed, i.e., holiday meals, retirement parties, recognition of service, etc.