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**CDCI Luxury Expenditure Policy**

1. **Overview**

The following policy ensures Brooklyn Cooperative FCU’s (Brooklyn Cooperative) compliance with the expenditure control requirements applicable to credit union participants in the Community Development Capital Initiative (CDCI) of the US Treasury Department. The objective of this policy is to ensure that we maintain appropriate oversight and governance over the approvals, reporting and controls relating to expenditures of funds to prevent unnecessary, excessive or luxury expenditures. This policy applies to Brooklyn Cooperative and its affiliates and will be posted on our website: [www.brooklyn.coop](http://www.brooklyn.coop).

Brooklyn Cooperative’s expenditure policy is conservative and prudent, consistent with our mission to provide affordable and fair services to a low-income Field of Membership. As a matter of general business practice, the credit union does not incur any luxury expenses.

1. **Expense Management**

Brooklyn Cooperative has adopted policies for expense management and fraud control that govern the expenditure of funds for operating purposes and reimbursable business expenses (RBE) in which each is subject to managerial review and approval prior to payment. Expenses incurred in the normal course of business for staff development, reasonable performance incentives, general operating expenses, RBE, travel expenses, or other similar reasonable expenses are covered by Brooklyn Cooperative’s Expense Policy (approved 8/20/2009) and Brooklyn Cooperative’s Travel Policy and Procedures (approved 12/20/2010).

Both these policies specify that advance approval is required for all expenditures above $400. However, there are certain categories that warrant stricter controls to prevent unnecessary, excessive or luxury expenditures, such as: Client Entertainment and Tickets, Meetings and Events, Transportation, and Office Renovations. The approval procedures these expenses are summarized below.

1. **Entertainment**

Partner (or donor) entertainment happens rarely and when it occurs, it must support a legitimate business purpose. Existing policy provides that Brooklyn Cooperative staff should not provide gifts or cover any entertainment expenses of any credit union members who have applied for, or received, a loan. The amount of partner (or donor) entertainment expenses that may be reimbursed to employees is subject to a daily maximum of $50 per individual and must be approved in advance by an Officer. Entertainment expenses are limited to meals, refreshments, or covering the admission to an industry-related or community event. A Brooklyn Cooperative employee must be present at partner entertainment events. Details regarding the expenditure and the nature of the business discussed must be provided as a condition to reimbursement.

1. **Meetings and events**

Business meetings and events must have a legitimate business purpose to qualify for expense coverage. Business meetings, conferences, employee and member events for which the total event cost exceeds $200 must be approved in advance by an Officer to ensure cost effective delivery, appropriate selection of venue and other services provided.

1. **Transportation**

Business travel must be booked in a manner that ensures no luxury services are utilized. The most cost effective transportation available should be utilized, whether public transport or private. Private cars or car services may be used for business travel when public transportation is not reasonably available or if required for security, confidentiality or other significant reasons. As detailed in the Travel Policy and Procedures , all RBE submissions must be reviewed by the COO for appropriateness and compliance with expense policies.

1. **Office Renovations**

Office and facility renovations are undertaken on a corporate level with the approval of the COO and CEO. The credit union’s regular expense policy is utilized for all renovations. Project approvals are based on cost effectiveness, utility, and modesty.

1. **Exceptions**

Requests for exceptions to this policy must be submitted in writing and may only be approved by the CEO. Exceptions shall be reported to the CEO and the Board of Directors.

1. **Policy Violations**

Violations of this policy must be promptly reported to the CEO and/or the Board of Directors as appropriate. Failure to comply with the provisions of this policy or the procedures described above may result in disciplinary action, up to and including immediate termination of employment.