



Expense Policy

The purpose of this policy is to document the allowable business expenses eligible for reimbursement under the Senior Freedom, Inc. Accountable Expense Plan. Expenses are paid to employees out of commissions "Pre-Tax" and remove any year end accounting tasks for the employee. To qualify for consideration, a deduction must be an ordinary and necessary expense that was paid or incurred during the taxable year in carrying on a trade or business.

Senior Freedom, Inc. Accountable Expense Plan (the "Plan")

INTERNAL REVENUE CODE SECTION 162(A)

Business Connection

This arrangement provides reimbursement of an employee's business expenses paid or incurred in the performance of services as an employee.

Substantiation

The employee must submit information to the company sufficient to satisfy the "adequate accounting rules." Information must be submitted that is sufficient to enable the payer to identify the specific nature of each expense and to conclude that the expense is an employee business expense. Each of the elements of an expenditure or use must be substantiated. Generally, a taxpayer must be able to substantiate claimed expenses by adequate records or sufficient evidence corroborating the taxpayer's own written statements as to 1) amount, 2) time and place, and 3) business purpose.

Ordinary and Necessary Expenses

An expense incurred in the operation of a trade or business must be an ordinary and necessary expense of the trade, or business to be deductible.

Ordinary. The term "ordinary" is a variable affected by time, place, and circumstances. In this context, "ordinary" does not mean that the payments must be habitual or normal in the sense that the same taxpayer will make them often. An expense that is incurred only once by a taxpayer can be "ordinary" if it is considered normal for a taxpayer in a similar trade or business to incur such an expense.

Necessary expenses. "Necessary" distinguishes a business expense from a personal expense incurred by a taxpayer. In order to qualify as a "necessary expense", the expense need not be vital to the business' continuation and need only be appropriate or helpful to the business.

Some Examples of Allowable Expenses

Shown below are the qualified expense categories to appear on your Expense Reimbursement Form.

Description

- Direct loan-related expenses.
- Office supplies.
- Postage and shipping.
- Professional Dues and subscriptions.
- Internet service.
- Business telephone charges.

- Business cell phone charges.
- Technology maintenance.
- Office rent. (All leases must be pre-approved through the Corporate office. Please contact the Company for approval.)
- Printing

- Advertising, flyers, web sites, and business cards. (All forms of advertisement must be pre-approved prior to putting any advertisement out to consumers. Any form of advertisement that is turned in for reimbursement without pre-approval will not be allowed.)
- Approved Lead purchase expense

NOTE: No employee of Senior Freedom, Inc. has the right to sign or enter into any contractual agreement using the Company name or any DBA of Senior Freedom, Inc.

Some Examples of Non-Allowable Expenses

The following are some examples of expenses disallowed for reimbursement by Senior Freedom, Inc. This list is not exhaustive.

Description

- Auto expenses, including Mileage and fuel costs.
- Airfare.
- Meals and entertainment.
- Gifts.
- Furniture, equipment, or other assets.
- Security deposits for an office lease.
- Computers or cell phones (with the exception of repairs).
- Political contributions or charitable donations.
- Any advertisement that has not been pre-approved prior to putting the advertisement out to consumers.
- Marketing or consulting agreements.
- Agreements with related parties.

NOTE: You may be eligible to deduct some of these “non-reimbursed employee expenses” on your tax return with **IRS Form 2106**. Please consult your CPA and confirm the type of documentation required by the IRS to qualify for such deductions.

To Receive Expense Reimbursement

All expenses must be paid directly off of a Loan Transaction Report. Please have the necessary expense reporting form, copy of each expense or invoice, and proof of payment attached. If you are not sure how to classify a certain expense, contact the Company for assistance. If we are unable to process any part of the expense, so as not to hold up your commission, we will increase your wages by the amount for which we are unable to reimburse you.

Procedure

- We need a completed Expense Reimbursement Form.
- We need a copy of the invoice.
- A receipt must include only allowable items. If personal expenses appear, the entire receipt will be denied. (In other words, don't go to Office Max and buy school supplies and office supplies on the same receipt)
- We need proof of how you paid the bill. (if it was a credit card it will show on receipt, otherwise, front and back of cancelled check, bank statement, receipt that shows paid by cash, etc.)
- Reimbursements will be allowed up to 60 days from the date of the expense payment.

Senior Freedom Inc. retains the right to review all business expenses submitted and approve or deny such expense at its discretion. If you have any question regarding the approval of deductibility please contact the Company.

Senior Freedom, Inc. reserves the right to change or modify this policy at any time without prior notice. Any modifications to this policy will be sent to each employee when it takes effect.