

River Road Unitarian Universalist Congregation
Accountable Reimbursement Plan for Professional Expenses
Approved by Board of Trustees, April 17, 2011

The Board of Trustees establishes this expense reimbursement plan to state clearly the responsibilities of the congregation and of the ministers and staff claiming reimbursement. This plan is intended to be an “accountable reimbursement plan” as defined by the IRS so that no part of the reimbursements will be subject to taxation as income to the recipient. This plan applies particularly to ministers and staff with budgeted amounts for professional expenses, but the general principles apply to all staff.

1. Adequate accounting for reimbursed expenses. Ministers and staff shall be reimbursed for any ordinary and necessary business or professional expense, if the following conditions are satisfied:
 - a. The expense clearly supports work on behalf of the congregation.
 - b. The amount of the claimed expense is reasonable.
 - c. Each reimbursement claim provides the same kind of documentary evidence as would be required to support a deduction of the expense on the employee’s federal tax return, specifically:
 - For transportation, travel, and hosting expenses, provide the amount, date, place, and business purpose;
 - For hosting expenses, provide also the business relationship of the person[s] entertained.
 - d. Reimbursement requests must be submitted to the Director of Administration for processing at least monthly. Requests submitted more than 60 days after the expense was incurred will not be approved unless the delay is adequately justified.
 - e. Funds are available in an appropriate budget account at the time of the expense.
 - f. For staff without their own professional expense budget lines, such expenses must be approved by the supervisor before they are incurred.
2. Qualifying expenses as further detailed in Attachment 1 are listed in (a) through (j) below
 - a. Automobile expenses
 - b. Conference, meeting and travel expenses
 - c. Professional development expenses
 - d. Books, periodicals, audio-visual material and other resources
 - e. Professional association dues
 - f. Clerical gowns, robes, and religious garments
 - g. Entertainment, meals, gifts
 - h. Miscellaneous expenses
 - i. Cell phone, long distance calling and internet expenses
 - j. Equipment or tangible items with initial value greater than \$75

3. Receipts Required: Receipts are required for all expenses over \$75,
4. Excess reimbursements. Any congregation reimbursement that exceeds the amount of business or professional expenses properly accounted for under this plan must be returned to RRUUC within 120 days after the associated expenses are paid or incurred by the minister/staff, and shall not be retained by the minister/staff.
5. Tax reporting. RRUUC shall not include in a minister/staff's W-2 form the amount of any business or professional expense properly substantiated and reimbursed according to this plan, and the minister/staff should not report the amount of any such reimbursement as income on Form 1040.
6. Reimbursements to be paid by separate check. Reimbursements shall be paid by separate check drawn from appropriately budgeted funds and not by increasing paychecks by the amount of the business expense.
7. Unused budget. Any portion of the annual budget for professional expense reimbursement that is not used by the end of the fiscal year will be retained by RRUUC and will not be distributed to the minister/staff.
8. Retention of records. All receipts and other documentary evidence used by a minister/staff to substantiate business or professional expenses reimbursed under this plan shall be retained by RRUUC. It is recommended that ministers/staff keep copies of receipts for their own records.
9. Limitations. Only professional business expenses that are properly substantiated and meet the tax regulations will be considered. If the IRS disallows any expense after an audit, the person claiming the expense bears the tax liability.

Accountable Reimbursement Plan for Professional Expenses -- Attachment 1

Reimbursable Expenses

- a. Automobile expenses for miles driven, tolls and parking in performance of congregation business. The standard mileage allowance is applicable. Normal commuting costs are not included.
- b. Conference, meeting, and travel expenses with a defined purpose of supporting ministry while in the capacity of minister or employee of RRUUC.
- c. Professional development expenses associated with a program, course of study or educational conference to further develop or enhance professional skills.
- d. Books, periodicals, audio-visual material and other resources needed to effectively carry out the particular ministry. This would include the purchase of reference material and/or curricula beyond that budgeted for in other line items.
- e. Professional association dues
- f. Clerical gowns, robes, and religious garments are assumed to have no market value as they are personal to the minister.
- g. Entertainment, Meals/Gifts in service of carrying out the ministry of RRUUC

Gifts, which must satisfy the purpose of supporting ministry requirement, are limited to \$25 per person/per year.

Entertainment/meals are reimbursable that meet the following IRS requirements:

- It must be an 'ordinary expense' – common and accepted in your profession.
 - It must be a 'necessary expense' – one that is helpful and appropriate for congregation related business (i.e. carrying out our ministry).
 - It must meet one of the following two tests:
 - Directly Related Test – main purpose of entertainment/meal was the active conduct of congregation business/ministry, AND (a) the employee did engage in such business/ministry with the person, AND (b) the employee had more than a general expectation of getting some specific congregation-related benefit, or
 - Associated Test – entertainment/meal was associated with congregation business/ministry, AND it directly preceded or followed a substantial congregation business/ministry discussion.
- h. Miscellaneous expenses in service of carrying out the ministry of RRUUC such as office supplies and printing.
 - i. Cell phone, long distance calling and internet expenses in service of carrying out the ministry of RRUUC.

- j. Equipment or tangible items with an initial value greater than \$75 used primarily during time devoted to ministry to enable the employee to properly carry out his or her responsibilities and perform his or her duties that meets the criteria outlined below.
- Be for the convenience of the employer, (i.e., used primarily during time devoted to ministry to carry out the employee's responsibilities),
 - Are required as a condition of employment, (i.e., to enable the employee to properly perform his or her duties) and
 - Do not duplicate already provided equipment or tangible items.

It is understood that ownership of the equipment will be retained by RRUUC with a declining value pursuant to IRS Publication 946, *How To Depreciate Property*.

If an employee leaves the employ of RRUUC during the depreciation period and wishes to take the property with them, IRS Publication 946 will be applied to determine the remaining value of the purchased item. With the agreement of the Board of Trustees the employee may be offered a choice of two options:

- To reimburse RRUUC for the remaining value of the property, or
- To have the remaining value added to the final W-2 for that employee.

If the employee leaves the employ of RRUUC after the property has fully depreciated, the Board may offer the property to the employee if there is sufficient reason to believe the congregation will not benefit substantially from continued use of the property.

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