



Accountable Reimbursement

Policy and Procedures

Effective: 11/1/2015

Purpose: In accordance with IRS regulations 1.162-17 and 1.274-5T(f), Ridgedale Baptist Church has established an accountable reimbursement policy for all pastors, ministry volunteers and employees with the following terms and conditions:

Any person now or hereafter employed by Ridgedale Baptist Church or ministry volunteer for Ridgedale Baptist Church shall be reimbursed for any properly approved ordinary and necessary business and professional expense incurred on behalf of Ridgedale, if the following conditions are satisfied: (1) the expenses are reasonable in amount; (2) the employee or ministry volunteer documents the amount, date, place, business purpose (and in the case of entertainment expenses, the business relationship of the person or persons entertained) of each such expense with the same kind of documentary evidence as would be required to support a deduction of the expense on the employee's or ministry volunteer's federal tax return; and (3) the employee or ministry volunteer substantiates such expenses by providing the Ridgedale bookkeeper with an accounting of such expenses no less frequently than monthly (in no event will an expense be reimbursed if substantiated more than 60 days after the expense is paid or incurred by an employee or ministry volunteer.)

Reimbursements not funded out of salary reductions. Reimbursements shall be paid out of Ridgedale Baptist Church funds, and not by reducing paychecks by the amount of business expense reimbursements.

Reimbursable business expenses. Examples of reimbursable business expenses include local transportation, overnight travel (including lodging and meals), entertainment, books and subscriptions, education, clothing, and professional dues.

Tax reporting. Ridgedale shall not include on an employee's W-2 form the amount of any business or professional expense properly substantiated and reimbursed according to this policy, and the employee should not report the amount of any such reimbursement as income on Form 1040.

Excess reimbursements. Any organization reimbursement that exceeds the amount of business or professional expenses properly accounted for by an employee or ministry volunteer pursuant to this policy must be returned to Ridgedale within 120 days after the associated expenses are paid or incurred by the employee or ministry volunteer, and shall not be retained by the employee or ministry volunteer.

Expenses not fully reimbursed. If, for any reason, the organization's reimbursements are less than the amount of business and professional expenses properly substantiated by an employee or ministry volunteer the organization will report no part of the reimbursements on the employee's W-2, and the employee or ministry volunteer may deduct the un-reimbursed expenses as allowed by law.

Inadequate substantiation. Under no circumstances will Ridgedale reimburse an employee or ministry volunteer for business or professional expenses incurred on behalf of Ridgedale that are not properly substantiated according to this policy. The employee and ministry volunteers understand this requirement is necessary to prevent Ridgedale's reimbursement plan from being classified as a non-accountable plan.

Retention of records. All receipts and other documentary evidence used by an employee or ministry volunteer to substantiate business and professional expenses reimbursed under this policy shall be retained by the organization.

Policy Exceptions

Generally, any exception to this policy must have the prior written approval of the Administrative Pastor. Requests for exceptions should document extenuating circumstances; exception may be made after the fact. However, payment by Ridgedale will not be made without the approval of the Administrative Pastor.

Accountable Reimbursement Guidelines with Explanations

Reimbursement Request Procedure

- Expenses incurred in connection with Ridgedale activities will be reimbursed to the individual on the basis of actual expense incurred and accompanied by the required voucher/receipt, invoice or credit card statement. Employees and ministry volunteers are expected to exercise prudent judgment regarding expenses covered by this policy.
- Ridgedale employees and ministry volunteers are responsible for complying with this policy; submitting expenses that are not in compliance with this policy risk partial, delayed or forfeited reimbursement.
- Merchandise receipts and/or invoices must be presented with itemized expenditures and all reimbursement requests must be submitted to the appropriate employee within one month of purchase (30 days but not to exceed 60 days of purchase). While original receipts (showing the GST – Goods and Services Tax - amount paid) are recommended for all expenses submitted for reimbursement, they are required for all expenses greater than \$25. Requests for exceptions to this policy should be documented and approved by the Administrative Pastor.
- Merchandise receipts and/or invoices must be signed by employee or ministry volunteer who incurred the expense before submission to the bookkeeper for reimbursement. A note indicating the appropriate budget line to expense the purchase to must also be noted.
- Ridgedale's bookkeeper will issue one check within two weeks, or as soon as possible for all approved expense reports received.

Cash Advances

- Ridgedale recognizes that some incidental expenses cannot be paid by credit card and ministry volunteers may not have the ability to charge or have cash to pay for expenses as needed. An Expense Report (\$250 limit) can be submitted to the Administrative Pastor for approval.
- Two days' notice of the need for the cash must be given to the Administrative Pastor in order to secure funds from the bank.
- The Expense Report must be approved in a manner that is consistent with the above Approval Procedures. Generally, no subsequent advance will be made available if the accounting for a previous cash advance has not been completed.

Credit Cards

- Credit cards issued in the name of Ridgedale Baptist Church, which include but are not limited to VISA & MasterCard will be provided to employees as required and will require pre-approval of the Administrative Pastor. Cards issued in the name of Ridgedale Baptist Church are a privilege and must not be used for personal expense. *see Credit Card Internal Controls Procedure
- Employees are expected to submit credit card receipts attached to expense reports and present them to the Administrative Pastor when requested and in order of statement.

Cellular Phone Reimbursement

IR-2011-93 or Notice 2011-72 permits Ridgedale to reimburse cell phone expenses for employee's who are required for employment to have one. This does not apply to reimbursements of unusual or excessive expenses or reimbursements made as a substitute for a portion of the employee's regular wages. An invoice is needed for reimbursement.

Substantial business needs includes the following:

- An employer needs to contact the employee at all times for work-related emergencies.
- An employee must be available to speak with clients when away from the office.

Laptops or PC Reimbursement

IRC 280F are considered "listed property" because the property by its nature lends itself to personal use. Employees are required to account for business and personal use of computers if reimbursed by church. In the event the church does reimburse for a laptop or PC a letter of release will be provided to the owner and retained in employees records.

Travel Arrangements

The mode of transportation chosen should enable employees and ministry volunteers to conveniently meet scheduled appointments by balancing convenience, cost and time spent in traveling.

Air Travel

- All employees and ministry volunteers are expected to travel economy class. Personal frequent flyer or AirMiles may be used to upgrade travel class; however, no reimbursement will be made and no contribution recorded on behalf of the employee or ministry volunteer for the business use of frequent flyer or AirMiles credits.
- Travelers are encouraged to book 7-14 days in advance in order to minimize costs.
- Only the minimum requisite travel will be reimbursed (IE no additional flights other than direct arrival and return with necessary stopovers) unless alternative arrangements have been approved.
- If purchased with a seat sale ticket, cancellation insurance is also eligible for reimbursement. A voucher is required. Volunteers will be responsible for air fare/air penalty for non-use of the ticket if they cancel of their own volition.

Automotive

- **Airport Taxis/Airport Shuttle:** Taxi fare or shuttle service between the airport and meeting, conference or retreat site or hotel will be reimbursed.
- **Taxi:** Taxi fares required for travel during conference or retreats are reimbursable.

- **Personal Vehicle:** When car travel is the most suitable mode of transportation, one may use his/her own car and be reimbursed at a rate currently approved by the IRS.
 - The mileage rate will be reimbursed at the IRS rate.
 - Carrying automobile liability insurance is responsibility of the travelers. It is the responsibility of the travelers to inform the insurance company when use of a personal car for business is used.
 - Reimbursement for vehicle travel is limited to conducting Ridgedale business, attending training, meetings, conferences and/or retreats unless otherwise pre-approved by the Administrative Pastor.
- **Car Rental:** Car rentals will be reimbursed in non-routine travel situations. Such instances include:
 - Taxi/Limousine service is not available or cost effective.
 - Location of the meeting, conference or retreat is not easily accessible via public transportation from a major airport.
 - Large quantities of materials are being delivered to a meeting location by the traveler, or
 - In instances where it is more economical than to use other means of transportation.

It is expected that reservations will be made for a compact vehicle, depending on the type of travel. For group travel, such as youth retreat, a commercial van is recommended.

Vehicles are expected to be refueled prior to returning them to rental agency in order to avoid their excessive price for gasoline. Do not use the prepaid gas option.

Insurance should be accepted when signing for rental cars.

Other Expenses

All parking and toll claims will be reimbursed when accompanied by original receipts. Costs for parking tickets and speeding violations will not be considered. Ridgedale, if billed, will pass the bill onto the driver to be paid. If the driver is unverifiable, the person to whom the vehicle has been rented or signed out to will be responsible.

Lodging

Reasonable accommodation expenses will be reimbursed for employees and ministry volunteers for overnight training meetings, conference and/or retreats that have had pre-approval and fit within budgetary guidelines.

- Prudent judgment should be used when selecting a hotel. A single room with a private bath in a moderately priced business class hotel or motel is Ridgedale standard.
- Reimbursement for suites for single occupancy or luxury accommodations requires written permission by the Administrative Pastor prior to booking.
- If two persons, one of whom is not on Ridgedale business (spouse, friend), occupy a double room only the single rate may be reimbursed unless pre-approved by Administrative Pastor.
- If a room is required to be cancelled, it is advisable to request and retain a cancellation number as documentation of the transaction. "No-show" charges will be the responsibility of the cancelling party.

Meals

Reasonable meal expenses while traveling for employees and ministry volunteers on pre-approved training meetings, conference and/or retreats will be reimbursed.

Telephone, Fax, Photocopies, and Printing

Actual out-of-pocket expenses for telephone calls and facsimiles while used for Ridgedale business off-site during trips, training meetings, conference and/or retreats will be reimbursed.

Miscellaneous

While travel off-site for employees and ministry volunteers on pre-approved training meetings, conference and/or retreats the following are considered:

Babysitting/Childcare/Eldercare

These costs are reimbursable to a maximum of \$150.00, if the employee or ministry volunteer is single or accompanied to the venue by a spouse and the venue is held over a weekend. Any amount over the maximum requires preapproval.

Entertainment

Employee's and ministry volunteers who entertain outside delegates on behalf of Ridgedale will be reimbursed for actual out of pocket expenses incurred for meals within budgetary guidelines. Any expenses incurred in connection with Ridgedale activities in addition to those outlined above must receive prior approval of the Administrative Pastor.

Non-reimbursable Expenses

Entertainment expenses, room mini-bar, spa charges, laundry services, in-room movies or games, phone and copy charges not for Ridgedale use, intra-city transportation not necessary for Ridgedale business, and any other personal or non-Ridgedale expenses should be excluded from reimbursement requests.

Travel Expenses of Spouse and Children

If an employee brings along a spouse or child on a business trip, their expenses are nonreimbursable and nondeductible unless they qualify for employee treatment and

- the travel of the spouse or dependent is for a bona fide business purpose; and
- the employee substantiates the time, place, amount, and business purpose of the travel under an accountable business expense reimbursement plan.

If there is not a bona fide purpose or the payments are not made under an accountable plan, the expenses are includible as income on the employees W-2.

The IRS and the courts evaluate the following criteria to determine whether a bona fide business purposes exists:

- The spouse's function must be necessary; i.e, result in desired business (ministry) benefits to the church.
- The spouse's contributions to the church must be those which cannot efficiently be performed (or performed at all) by the minister-employee alone.
- The spouse's services must augment the minister's purpose for the trip.
- The benefit to the church must be substantial.