

ACCOUNTABLE REIMBURSEMENT POLICY

The following resolution was duly adopted by the Administrative Board (or Charge Conference) of the _____ United Methodist Church at a meeting held on _____, 200____.

Under Internal Revenue Code Section 62(a)(2)(A) gross income does not include reimbursed business expenses or adequately accounted business expense allowances for employees. Internal Revenue Service Regulation 1.162-17(b) provides that an employee need not report on his tax return expenses paid or incurred by him solely for the benefit of his employer for which he is required to account and does account to his employer and which are charged directly or indirectly to the employer. Further, I.R.S. Regulation 1.274-5(e)(4) provides that an adequate accounting means the submission to the employer of an account book, diary, statement of expense, or similar record maintained by the employee in which the information (as to each element of expenditure amount, time and place, business purpose, and business relationship) is recorded at or near the time of the expenditure, together with supporting documentary evidence, in a manner that conforms to all the adequate records requirements as set forth in the regulations.

Therefore, the _____ United Methodist Church hereby establishes an accountable reimbursement policy pursuant to I.R.S. Regulations upon the following terms and conditions:

1. Expenses deemed ordinary and necessary shall be made solely for the benefit of the church and shall be paid directly, whenever possible by the _____ United Methodist Church, or indirectly and reimbursed to the person or entity who does pay the expense. Ordinary expenses include, but are not limited to: automobiles, office supplies, postage, computer supplies, books, subscriptions, professional dues, vestments, continuing education, lodging and meals while traveling and entertainment related to church business.
2. The church must be given an adequate accounting of the expense, which means that there shall be submitted a statement of expense, account book diary, or other similar record showing the amount, date, place, business purpose, and business relationship involved. Appropriate documents, cash receipts, canceled checks, credit card sales slips, and contemporaneous records for those non-receipt expenses less than \$25.00 must be attached to a monthly expense report. Both the minister/staff person and the church shall retain copies of the documentary evidence and expense report. Voucher information need not include data that would violate pastoral confidences.
3. Reimbursements or advances must be paid out of budgeted church funds and not by reducing the compensation of a minister/staff person. Budgeted amounts not spent must not be paid as a salary bonus or other personal compensation in any fiscal year.

4. The church may pay amounts in advance of the minister/staff person's actual expenditure on either an as needed basis or by standard monthly expense allowance. However, an adequate accounting of the advances by expense report must be made in the month following an expenditure. Any excess advance must be returned to the church before additional needed or allowance amounts are provided to the minister/staff person.
5. It is understood by the various parties that all elements of this resolution must be carefully followed to prevent the church salary-paying unit from being required by regulation to list total payments for the following items on I.R.S. W-2 as includable compensation. The primary responsibility of expense reporting is the minister/staff person to the church payroll person.
6. The Pastor Staff Parish Committee is responsible for approving vouchers submitted by the pastor. The local church treasurer is responsible for paying approved vouchers.
7. By previous or concurrent resolution, duly adopted by the Administrative Board (or Charge Conference) of the _____ United Methodist Church at a meeting held on _____, 200____, the following ordinary and necessary expenses as suggested for the employment needs of the minister/staff person, are included in this accountable reimbursement policy from _____, 200____ to _____, 200____.

Total* \$ _____

Attested to this ____ day, _____ 200____, the foregoing resolution is hereby accepted.

 Chairperson, Administrative
 Council or Board

 Treasurer

 Minister/Staff Person

 Please Print Name of Pastor

Distribution: 1 copy for church files and 1 copy for Conference files.