

Accountable Reimbursement Plan  
First Unitarian Church, South Bend  
Adopted October 2010

The First Unitarian Church of South Bend (the Church) has established this Accountable Reimbursement Plan (ARP) to clearly state the responsibilities of the church and of employees and volunteers claiming reimbursement, and is intended to be an ARP as defined by the IRS so that no part of the reimbursements will be subject to taxation as income to the recipient.

1. Adequate Accounting for Reimbursed Expenses. Minister, staff, and volunteers of the Church shall be reimbursed for any ordinary and necessary business or professional expenses incurred on behalf of the church, if the following conditions are satisfied:

- The amount of the claimed expense is reasonable,
- The reimbursement claim documents the amount, date, place (for transportation, travel, and entertainment expenses), business purpose, and, for entertainment expenses, the business relationship of the person(s) entertained. Each expense requires the same sort of documentary evidence as required to support the deduction on the employee's federal tax return, and
- The person claiming reimbursement substantiates the expenses by providing the church administrator 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 the claimant), and
- Funds are available in an appropriate budget account at the time of the expense.

Examples of reimbursable expenses include paper and other goods, food and beverage as needed to carry out committee responsibilities; overnight travel (including transportation, lodging and meals); entertainment; professional books and subscriptions; education; vestments; business use of a cell phone and professional dues.

2. Receipts Required. Receipts are required for all expenses. See #1, point two above for details required in receipts.

3. Limited by Budget. The Church agrees to reimburse the claimant under this plan up to the amount budgeted for the type of expense for which reimbursement is claimed.

4. Tangible Property. Tangible property with a useful life in excess of one year acquired under this plan is the property of the Church. An employee who wishes to purchase tangible property previously acquired under this plan, may do so at the then existing market value of the property, subject to the concurrence of the Church.

5. Excess Reimbursements. Any church reimbursement that exceeds the amount of business or professional expenses properly accounted for under this plan must be returned to the Church within 120 days after the associated expenses are paid or incurred by the claimant, and shall not be retained by the claimant.
6. Tax Reporting. The Church shall not include in a claimant's W-2 form the amount of any business or professional expense properly substantiated and reimbursed according to this plan and the claimant should not report the amount of any such reimbursement as income on form 1040.
7. Reimbursements are not funded out of salary reductions. Reimbursements shall be paid out of appropriately budgeted funds and not by reducing the employee's salary by the amount of business expense reimbursements.
8. Maximum Annual Reimbursement. Substantiated business expenses in excess of the budget will not be reimbursed.
9. Unused Budget. Any portion of the annual budget for professional expense reimbursement that is not used at the end of the fiscal year will not be distributed to the minister or staff.
10. Retention of Records. All receipts and other documentary evidence used by a claimant to substantiate business or professional expenses reimbursed under this plan shall be retained by the Church.

The treasurer is responsible for reviewing and approving all requests for reimbursement by volunteers under this plan. Requests for reimbursement by volunteers must first be approved by the person responsible for the budget item to which the expense will be charged. No one may approve his or her own expenses.

The treasurer is responsible for reviewing and approving all requests for reimbursement under this plan by ministers and staff.

Under no circumstances will the Church reimburse a claimant for business or professional expenses incurred on behalf of the Church that are not properly substantiated according to this plan. Church officers and directors, minister, staff and volunteers understand that this requirement is necessary to prevent the Church's reimbursement plan from being classified as a nonaccountable plan, possibly making reimbursement under the plan taxable income to the recipient.

Adopted by the Board of Directors, October 2010