

Accountable Reimbursement Plan
First Unitarian Church, South Bend

Purpose: To clearly state the responsibilities of the church, employees and volunteers claiming reimbursement, and for the Accountable Reimbursement Plan (ARP) to be valid, 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 must be reasonable.
- The reimbursement claim must document the amount, date, place (for transportation, travel, or entertainment expenses), and/or business purpose. For entertainment expenses, it must include the business relationship of the person(s) entertained. Each expense requires the same documentary evidence to support the deduction on the employee's federal tax return.
- The person claiming reimbursement must substantiate the expenses by providing the Church Treasurer an accounting of such expenses no less frequently than monthly. In no event will an expense be reimbursed if substantiated more than 90 days after the expense is paid or incurred by the claimant.
- Funds are available in an appropriate budget line item at the time of the expense, and the person responsible for that line item has approved its use.
- All reimbursement claims must be placed in the red check request folder or be e-mailed to treasurer@firstunitarian.us, and be accompanied by a check request form with receipts and documentation attached. The standard check request form must be filled in completely and identify:
 - That it is for reimbursement, payee name, check amount, requestor's name, approver's signature.
 - The delivery location for the signed check (mail to, place in the check pickup folder, or place in a named folder).

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.

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. This person can be identified in the Authorization to Spend Budgeted Operating Funds and Special Funds document.

No one may approve his or her own expenses. If the payee and responsible person are the same, leave the authorizing signature blank for the treasurer or other church signatory to authorize.

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

Delivery of signed checks will be limited to mail or placing the checks in the workroom or office file folders for pickup.

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.

2. 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.

3. 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 by approval from the Board of Trustees.

4. 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.

5. 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.

6. 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.

7. Maximum Annual Reimbursement

Substantiated business expenses in excess of the budget will not be reimbursed.

8. 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.

9. 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.

Church officers and trustees, 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 recipients.

Date Last Approved: September 10, 2025

First adopted by the Board of Trustees: October 2010