

ACCOUNTABLE REIMBURSEMENT POLICY

Holy Trinity Lutheran Church ("congregation") recognizes that certain expenses of ministry paid by the pastor, staff person, ministry team designee or congregational member are part of the ordinary and necessary costs of ministry in this congregation. Accordingly, we hereby establish an accountable reimbursement policy to defray them directly. The costs for reimbursement of ministry expenses shall be estimated and included in the annual congregation budget.

The following requirements for the policy are binding upon the congregation and upon each pastor and staff person.

Accordingly, the congregation hereby establishes an accountable reimbursement policy, pursuant to IRS regulations and upon the following terms and conditions:

1. The pastor, staff person, ministry team designee or congregational member shall be reimbursed for his/her ordinary, necessary and reasonable business expenses, documented in accordance with IRS policies, incurred in the conduct of the ministry for, and on behalf of, the congregation.
2. The treasurer must be given an adequate accounting of each expense, including, but not limited to, a statement of expense showing the amount, date, place, business purpose and business relationship involved. Such documentation shall include receipts for all transactions of \$25 or more (*a congregation may set a lower amount or a higher amount but not higher than \$75*). Appropriate documents, cash receipts, canceled checks, credit card sales slips and contemporaneous records for those non-receipt expenses less than \$25 must be attached to each expense report. A log of total miles per day and enumeration of their general purpose shall suffice to substantiate automobile mileage, but under no circumstances will commuting mileage between the pastor's home and church office be reimbursed. Copies of the documentary evidence and expense report shall be retained by both the pastor/staff person and the congregation.

The president and a member of the executive committee shall be responsible for approving the expenses in a timely manner (target maximum of 30 days). No person may approve his/her own expenses. The executive committee shall exercise discretion regarding the adequacy of the substantiation and the appropriateness of any reimbursement.

3. It is the intention of this policy that reimbursements will be paid after the expense has been incurred by the pastor, staff person or member. Substantiation should be provided within sixty (60) days of incurring the expense. However, should circumstances require payment of an advance for any particular anticipated

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expense, the pastor/staff person must account for the expense and return any excess reimbursement within 30 days of the issuance of the advance. Any excess advance must be returned to the congregation before any additional advances are provided to the pastor/staff person.

4. Budgeted amounts not spent must not be paid as a salary bonus or other personal compensation. If such payments are made, the entire amount of the payment for which there is no documented expense will be taxable income to the pastor/staff person. Disposition of any unspent balances remains at the discretion of the congregation in building the budget for the next fiscal year.
5. It is understood by the various parties that all elements of this resolution must be carefully followed to prevent the congregation from being required by regulation to list total payments for business expenses on IRS reports (W-2) as "includable compensation." The primary responsibility for meeting the requirements of expense reporting belongs to the individual incurring the expense.

Adopted on October 14, 2013, by the Congregation Council of Holy Trinity Lutheran Church.

This is a sample of an accountable reimbursement policy. Congregations may have practices that vary and those practices should be reflected in their policy. The specifics of each policy should be reviewed by each church and pastor considering their specific concerns. If legal or tax advice is required, the services of a competent professional advisor should be sought.