ACCOUNTABLE REIMBURSEMENT POLICY

(Part of the Clergy Compensation Package)

Church Name: _____

Church City: _____

District: _____

Pastor Name: _____

The _____(Global Methodist Church) ("Church") recognizes that certain expenses of ministry paid by the pastor/staff person are part of the ordinary and necessary costs of ministry in this Church/charge. Accordingly, we hereby establish an accountable reimbursement policy to defray them directly.

The reimbursement account shall be an annual line item in the church budget. It shall be in addition to the pastor's annual salary and housing. The reimbursement account for the year shall be **$**_____. (This is a line of the 2027 Appointed Clergy Compensation form.) The following requirements for the policy are binding upon the Church and upon **Pastor** _____, its pastor. Accordingly, the Church hereby establishes an accountable reimbursement policy, pursuant to I.R.S. regulations and upon the following terms and conditions:

1. The pastor/staff person shall be reimbursed from the reimbursement account for his/her ordinary, necessary, and reasonable business expenses incurred in the conduct of the ministry for and on behalf of the Church. The following expenses are budgeted in this accountable reimbursement policy, as suggested for the employment needs of the pastor/staff person.

2. The Committee on SPR Chairperson, Church payroll person or treasurer, (as designated by the Church) must be given an adequate accounting of each expense, including but not limited to a statement of expense, account book diary, or other similar record showing the amount, date, place, business purpose, and business relationship involved. Such documentation shall include receipts for all items of $25 or more. 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 Church. The Committee on SPR Chairperson (or Treasurer) shall be responsible for approving the expense. The Committee on SPR Chairperson (or Treasurer) shall exercise his/her discretion regarding the adequacy of the substantiation and the appropriateness of any reimbursement. Questions arising in these areas will be resolved by the SPR Chairperson's or Treasurer's decision, subject to the review and approval of the Committee on
SPR/Committee on Finance.

3. It is the intention of this policy that reimbursements will be paid after the expense has been incurred by the pastor/staff person. However, should circumstances require payment of an advance for any particular anticipated 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 Church before any additional advances are provided to the pastor/staff person.

(Over)

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 accountable reimbursement policy will be taxable income to the pastor/staff person. The Church will be required by law to report that amount as part of the pastor/staff person's compensation. Disposition of any unspent balances remains at the discretion of the Committee on Finance and the Administrative Council or Board in building the budget for the next Church year.

5. It is understood by the various parties that all elements of this resolution must be carefully followed to prevent the Church from being required by regulation to list total payments for the following items on

I.R.S. information reports (W-2/1099-MISC) as "includible compensation." The primary responsibility of expense reporting is for the pastor/staff person to the Committee on SPR Chairperson, church payroll person and/ or Treasurer.

Adopted on Date: , 202___, by the Administrative Council/Board or a Mid Year Change.
_____Church a Global Methodist Church.

_____ _____

Chair, Administrative Council/Board Committee SPR Chairperson/Church Treasurer

_____Pastor/Staff Person _____

Administrative Assistant/Secretary

This is a sample of an Accountable Reimbursement policy. The specifics of each policy should be reviewed by each church and minister considering their specific concerns. If legal or tax advice is required, the services of a competent professional advisor should be sought.