


 <b>WHITESBURG</b> BAPTIST CHURCH   				Financial and Information Systems Management Guide	
<b>Section</b>	<b>IV</b>	<b>Number</b>	<b>02</b>	<b>Reimbursement of Employee Trip Expenses</b>	
<b>Effective</b>	<b>May 2007</b>				

**General Statement:**

Any employee now or hereafter employed by Whitesburg Baptist Church shall be reimbursed for any ordinary and necessary ministry and professional expenses incurred on behalf of the Church, if the following conditions are satisfied:

1. the expenses are reasonable in amount;
2. the employee documents the time, place, ministry purpose, ministry relationship, and amount of each such expense with the same kinds of documentary evidence as would be required to support a deduction of the expense on the employee's federal income tax return; and
3. the employee documents such expenses by providing the Business Administrator with an accounting of such expenses with a Purchase Order (PO) and if for travel attaching Form IV02a to the PO(s) within 10 days of completion of the expenses incurred.

**Effect on Salary:**

Unless so established in a ministerial employment agreement, a reimbursement shall not reduce a minister or employee's salary. The church uses an Accountable Reimbursement Plan (See IV.01); therefore, reimbursed business expenses are not reported as compensation on the employees' W-2.

**Mileage Reimbursement:**

When a minister has a designated travel expense as a part of his salary package, he shall not be eligible for mileage reimbursement. It is his responsibility to keep accurate records of all miles driven for church-related business.

When an employee does not have a designated travel expense as a part of her or his salary package, s/he shall request mileage reimbursement for miles driven for church-related business.

**Please note** *the church does not reimburse volunteers for mileage driven for church-related business. However, the Church will provide, upon request, a letter regarding the mileage driven that can be used for tax purposes.*

**Mileage Reimbursement Rate**

Please note that rates are subject to change. The church will use the prevailing IRS rate when making a mileage reimbursement. Form IV02b shall be used for local mileage substantiation.

### **Travel and Entertainment Expense:**

The church shall reimburse a minister or employee for business related travel and entertainment expenses. Travel expenses must be approved in advance by submitting the Time Away Sheet currently in use to qualify for reimbursement. In order to be reimbursed for travel expenses the employee must submit detailed records that include the following:

1. Cost of each separate expense for travel, lodging, meals and incidentals, such as taxis, daily meals, etc., but under no circumstances will the expenses exceed the stated governmental per diem rates (refer to IRS Publication 1542 for current per diem rates for cities) unless the Senior Associate Pastor approves a higher amount..
2. Dates of business travel or entertainment.
3. Name and location of entertainment. Names of participants and the nature of the business discussion or activity. Titles of participants to show business relationship. The employee must be present if it was a business meal.
4. Destination or travel location.
5. Business purpose. Explanation must be detailed.
6. For car expenses, the date of the use of the car, the destination, the number of miles traveled and the business purpose.
7. Receipts are required for all expenses in excess of \$25.00.

Whenever possible, a Purchase Order should be prepared for airline transportation and the charge should be billed to the Individual's Church credit card, the Business Office credit card or travel service account.

Often lower rates for rental car and lodging can be obtained through prepayment. This option should be considered by travelers whenever possible. In such cases, the traveler should submit a Purchase Order request and the payment should be made with the Individual's Church credit card or the Business Office credit card.

### **Advance Payments:**

An employee may request an advance travel payment for church approved travel. The advance shall not exceed the estimated out-of-pocket expenses of such travel. The employee is responsible for keeping detailed records of all out-of-pocket expenses and shall return any money in excess of actual out-of-pocket expenses within 10 days of the conclusion of the travel.

### **Making the Request:**

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IV02 Reimbursement of Employee Travel Expenses (approved).doc

The individual shall request reimbursement by PO(s) with attached Form IV.02a. The request should be made within 10 working days of the incurred expense. The Business Office will process the request and the employee should receive her or his reimbursement within 10 days from the date the request was received in the Business Office.

### **Approvals:**

All Reimbursement of Expenses must be approved in writing by at least the next higher level of authority, but in no instance shall the approval be below a management level.

### **Spousal Travel:**

The church encourages the spouse of each Minister, Operations Administrator, Business Administrator or Preschool Director to travel with the designated individual. However, if the purpose of the spouse's trip is not business related, the value of the travel becomes taxable income to the pastor.

The church will reimburse each above designated individual for his spouse's travel expenses while s/he accompanies the individual on a trip. However, it is important for each individual to understand that when the purpose of the spouse's travel does not serve a business purpose that the expenses will be valued and reported as taxable income on the individual's W-2. It is the responsibility of the designated individuals to provide documentation which will substantiate that the spouse's travel was business related (brochure depicting business functions for the spouse, etc.)

This procedure is intended to help protect the designated individuals from being assessed additional taxes by the IRS for excess benefits paid to him.