

Indiana SAR

Finance & Investments

Indiana Sons of the American Revolution

Policy: Expense Reimbursements

Number: 05.003

Approved: 22 June 2021 (IN SAR ExCom)

Effective: 22 June 2021

Purpose

The purpose of this policy is to provide specific guidelines for employee expense reimbursements. This policy follows accountable plan rules as defined by the IRS Treasury Reg. 1.62-2. As such, expense reimbursements must meet the following three rules:

- Expenses must be related to activities of the Organization
- The expenses must be substantiated with original documentation within a reasonable amount of time
- Advances or excess reimbursements must be returned to the Organization within a reasonable amount of time.

As long as these rules are met, expense reimbursements will not be included in a members' taxable income.

Members of the Indiana Sons of the American Revolution (IN SAR) shall be reimbursed for any ordinary and necessary business and professional expenses incurred on behalf of the IN SAR only if the expenses are in the budget and are adequately accounted for as outlined in this policy.

Scope

This policy applies to employees, members, and volunteers who use personal funds to pay for IN SAR related expenses and wish to be reimbursed. Anyone who does not properly account to the IN SAR for his or her expenses, the individual will not be reimbursed. Specific policies, grants or other funding sources may impose additional restrictions but cannot supersede those required in this policy.

What is a business expense?

In order to be reimbursed tax-free, a business expense must be the type of expense that would be deductible in the eyes of the IRS on one's income tax return. The base rule is that the business expense must be both "ordinary" and "necessary" and be directly connected with or related to your profession. The expense cannot be regarded as lavish or extravagant.

The term "ordinary" refers to an expense connected to a common and accepted practice in your profession. The term "necessary" refers to an expense that is appropriate and helpful in developing or maintaining your profession. The IRS does not consider all business expenses to be ordinary and necessary.

Please note that if non-deductible business expenses are reimbursed on an occasional basis, such items must be included as taxable income on your W-2.

Responsibility

Employees, members, and volunteers should familiarize themselves with the types of expenses that are/are not eligible for reimbursement prior to incurring such expenses. Employees, members, and volunteers may not authorize reimbursement of their own expenses or expenses of supervisors, department heads, etc.

Authorized signers must confirm that expenses and reimbursement requests meet the following criteria:

- The expense meets the IRS guidelines of a business expense
- The travel expense was incurred while conducting IN SAR activities
- The information contained on the Expense Reimbursement Form and the documentation attached is accurate and in accordance with IN SAR policy
- Original receipts are submitted in accordance with this policy

Documentation

A properly completed, and signed Expense Reimbursement Form must be submitted to the Assistant Treasurer within 60 days after the expense has been incurred.

Expenditures or requests for reimbursement must be accompanied by original documentation to support the expenditure. This may consist of an invoice, original receipt, or other notification, such as an e-ticket or e-mail receipt. Additional information such as a brochure, a flyer or an email can be helpful in explaining the nature of the expenditure.

Multiple original receipts must be attached to an 8.5 x 11 paper, in the order listed on the Expense Reimbursement Form.

Each receipt must be individually listed on the reimbursement request.

Notations should be made on receipts and other documentation to substantiate the expense and indicate the business purpose.

All Expense Reimbursement Forms must be signed by the individual making the request and approved by the Assistant Treasurer.

It is strongly encouraged that you input the information electronically into the excel form of the Expense Reimbursement Form.

Reimbursable Business Expenses

- Business Meals
- Selected Goods and Services that are not associated with meals or travel
- Travel, including:
 - (a) Travel considered to be Away from Home Overnight (as defined by IRS Guidelines);
 - (b) Day trips/ Local Travel

If you are unsure if an expense is reimbursable, please check with Treasurer.

How do I substantiate my reimbursable expenses and what approvals are needed?

You will need to provide written evidence that explains the nature of the business expense and proves that you paid it. The nature of the expense is explained by answering the questions Who? What? Where? When? Why? Substantiating how you paid the expense (proof of payment) is explained under the supporting documentation directly below.

Whether your reimbursement is for travel or other items, you must complete an Expense Reimbursement Form and attach the appropriate supporting documentation as described in this policy, have the form approved by the Executive Director within 60 days of incurring the expense.

Please also note that the reimbursement must be charged to the proper fiscal year. As an example, expenses incurred by you on or prior to December 31st must be charged to that fiscal year. Expenses cannot be held for the next fiscal year, even if your budget or other account is overspent in the current year.

What supporting documentation is necessary for reimbursement?

For all items you will need an original hard-copy receipt that includes information about the purchase and also provides proof of payment.

In all cases, the receipt needs to be sufficiently detailed (amount, date, place, type of expense – Who, What, Where, When, Why). A hotel bill should segregate valid reimbursable charges for lodging, meals, related taxes and tips, etc. from personal charges (personal phone calls, movies, health club, dry cleaning etc.) All itemized restaurant receipts must accompany a credit card receipt. When the restaurant only accepts cash, a detailed receipt from the restaurant will be required – the tear-off guest check typically issued by restaurants is not an acceptable receipt.

Purchases made electronically (via the internet) must be substantiated with a hard copy receipt.

If your receipt does not indicate how you paid the expense, you must also provide additional documentation to show proof of payment (such as canceled check, copy of your credit card statement, cash receipt from vendor). If you are submitting your credit card statement as proof of purchase then please block out your account number and, if you wish, any charges/credits that do not apply. Do not block out your name.

If you did not pay for the expense then you will not be reimbursed for it. Incentives such as frequent flyer miles, vouchers, coupons, gift cards and other non-cash payments do not constitute and will not be accepted as proof of payment because these are not “out of pocket” for the expense. Items such as gift cards or gift certificates will not be accepted as proof of payment even if you purchased the gift card or certificate from personal funds.

Which specific business expenses qualify?

1. Travel -- Away from Home Overnight

Overnight travel business expenses are limited to the IN SAR Trustee and/or the IN SAR President for the attendance of the National SAR Congress and National SAR Trustee Meetings, winners’ of the IN SA Youth Contests (and one chaperone) needing to appear at the National SAR Congress, and is limited to the amount identified in that year’s budget.

You are away from home overnight if

- (1) your duties require you be away from the general area of your home substantially longer than a normal workday and
- 2) you need to get sleep or rest to meet the demands of your work while away from home.

All travel must be pre-approved. Any travel not approved in advance means the expenses risk not being approved for reimbursement.

Reimbursable Away from Home Overnight travel expenses include:

- **Lodging** – both en route to/from and at your destination. An original hotel bill with detailed charges and proof of payment is required even if you booked a room through an internet site. Express check-out receipts are acceptable if the receipt shows the complete itemized detail of charges and the method of payment.
- **Meals** – (including all beverages with meals) are reimbursable up to \$80 per day. This is not a per diem amount and must be substantiated. No single meal will be reimbursed for more than \$50.

All restaurant receipts must be included. It is not enough to just include the credit card portion – the detailed receipt of items ordered must also be attached. Where the itemized receipt is not available an explanation must be provided and this expense specifically acknowledged by the authorized approval signature.

- **Transportation** – This includes costs to get to/from your destination and local travel costs while at your destination.

Air travel

Air travel is reimbursed for coach travel, or lowest possible available airfare only. .

Air travel reimbursement will not include additional fees for priority check-in or Economy Plus seating.

Travelers may retain frequent flyer miles earned while traveling on Organization business. However, travelers must book airfare based on the most cost effective rate whenever possible, irrespective of any frequent flyer mile benefit. Excess costs resulting from the use of a traveler’s preferred airline will not be reimbursed. IRS regulations require that the Organization reimburse only actual costs to the traveler; therefore the use of frequent flyer miles for Organization purposes is not eligible for reimbursement.

Fees for changing airline tickets will not be reimbursed unless such a change results in an employee arriving home sooner and expenses equal to at least the additional amount charged by the airline being saved, or is due to changing business needs.

The Organization will reimburse excess baggage fees for the first two pieces of luggage only.

Reimbursement for airline travel will be made only after the trip is completed. All airline charges must be supported with original documentation. A copy of the “ticketless confirmation” must be attached to the expense report if that method was used by the employee.

Car rental

All car rentals must be supported by a rental agreement. Reimbursement will be made for compact and mid-size automobiles only, unless specials are available at a lower price. For business use in the continental USA all optional coverage must be rejected, that means that Organization will not reimburse for any additional insurance coverage offered by the car rental agency.

Express check-out receipts are acceptable if the receipt shows the complete itemized detail of charges and the method of payment.

The Organization will not reimburse for coverage of personal possessions and you are advised not to leave any items in the rental car (see insurance requirements outlined below).

Every attempt should be made to fill the rental car with gasoline prior to turning it back in to the rental agency.

Personal Vehicle

If driving your personal vehicle, you may be reimbursed for either 1) mileage driven, at the maximum IRS prevailing rate; or 2) your actual gasoline cost, but only for the miles driven. Tolls and parking are also reimbursable. Please see notes above under air travel regarding deducting base travel from the total miles driven that are eligible for reimbursement.

Should an employee or member decide to drive, the mileage reimbursement cannot exceed the cost of the least expensive means of alternate transportation.

Under no circumstances will reimbursement be made for items such as oil changes, repairs, insurance, towing, motor club, parking tickets or other expenses relating to operating your personal vehicle (see insurance requirements outlined below).

The mileage calculation must be included on the expense report with a MapQuest or other electronic verification of miles driven.

Phone and Fax Charges - Business related phone and fax charges incurred while doing business away from home overnight are reimbursable as long as they are reasonable and not excessive.

2. Family Member's Travel

Expenses (i.e. airfare, lodging, meals, etc.) incurred by family members who accompany Organization employees, volunteers, or members on out-of-town travel will not be reimbursed.

3. Local /Instate Travel

There are no reimbursements for local or instate travel.

4. Business Meals

There are no reimbursements for business meals.

5. Mobile Phones

There are no reimbursements for mobile phones.

6. Other Expenses

- Tips for baggage handling, bellman service, etc. are required to be individually recorded on the expense report. Reasonable amounts for tips are reimbursable. If tips are paid in cash and no receipt is available, in this instance only, you do not have to fill out a Missing Receipt Declaration form.
- Clothes cleaning charges are reimbursable if a business trip exceeds six consecutive days and five nights.
- Charges for movie channels, airline headsets, personal toiletry items and hotel spa/health club charges will not be reimbursed.
- Replacement costs for lost personal items and other similar charges will not be reimbursed.
- Charges for flight life and travel interruption insurance will not be reimbursed.
- Membership in airline/travel clubs will not be reimbursed.

7. Advances

The Indiana SAR does not provide advances.