

ACCOUNTABLE REIMBURSEMENT POLICY

The following resolution was duly adopted by the Board of Directors of the Watershed Alliance of York, Inc. (hereinafter called “WAY”) at a regularly scheduled meeting held on October 4, 2014, a quorum being present.

Whereas income tax regulations 1.162-17 and 1.274-5(e) provide that employees need not report on their tax returns expenses paid or incurred by them solely for the benefit of their employer for which they are required to account and do account to their employer, and which are charged directly or indirectly to the employer; and

Whereas, income tax regulation 1.274-5(3) further provides that “an adequate accounting means the submission to the employer of an account book, diary, statement of expense, or similar record maintained by the employee in which the information as to each element of expenditure (amount, time and place, business purpose, and business relationship) is recorded at or near the time of the expenditure, together with supporting documentary evidence, in a manner which conforms to all the ‘adequate records’ requirements set forth in the regulation”; be it therefore

Resolved, that WAY hereby adopts an accountable expense reimbursement policy for its regular, full-time employees, part-time employees and volunteers (each an “Employee” and collectively “the Employees”) upon the following terms and conditions:

- 1. Adequate accounting for reimbursed expenses.** Any Employee now or hereafter employed by WAY shall be reimbursed for any ordinary and necessary business and professional expenses incurred on behalf of WAY, if the following conditions are satisfied:
 - 1) The expenses are reasonable in amount;
 - 2) The Employee documents the amount, date, place, business purpose (and in the case of entertainment expenses, the business relationship of the person or persons entertained) 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 WAY bookkeeper and treasurer with an accounting of such expenses on at least a semi-monthly basis. In no event will an expense be reimbursed if substantiated more than 60 days after the expense is paid or incurred by an Employee. Receipts must be submitted for all reimbursed expenses other than mileage.
- 2. Reimbursable expenses.** Reimbursable business and professional expenses include, but are not limited to, local business mileage, overnight travel (including lodging and meals), books and subscriptions, continuing education and professional dues. Reimbursable expenses for mileage and travel are limited to WAY business-related engagements where the Employee will speak, attend meetings or otherwise appear for the primary purpose of representing WAY.

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- 3. Automobile reimbursement rate.** The Employee's business use of his/her automobile will be reimbursed at the standard mileage rate allowed by the Internal Revenue Service. The determination of whether mileage is reimbursable will be in accordance with Internal Revenue Service regulations, revenue rulings, chief counsel opinions or other administrative guidance. Travel from an Employee's home to WAY Offices will not be reimbursable. Travel from an Employee's home to a temporary work site as defined by Internal Revenue Service regulations will be reimbursable.
- 4. Excess reimbursements.** Any WAY advance reimbursement that exceeds the amount of business or professional expenses properly accounted for by an Employee pursuant to this policy must be returned to WAY within 120 days after the associated expenses are paid or incurred by the Employee and shall not be retained by the Employee.
- 5. Honoraria.** The Employee may from time to time receive compensation directly from organizations for appearances on behalf of WAY. Because such appearances are part of the work of the Employee and already compensated by the Employee's salary, any payment shall be submitted to WAY bookkeeper or treasurer for the benefit of WAY.
- 6. Reimbursements not funded out of salary reductions.** Reimbursements shall be paid out of WAY funds and not by reducing pay checks by the amount of business expense reimbursements.
- 7. Tax reporting.** WAY shall not include in a Employee's W-2 form the amount of any business or professional expense properly substantiated and reimbursed according to this policy, and the Employee should not report the amount of such reimbursement as income on Form 1040.
- 8. Maximum annual reimbursement.** Substantiated business expenses in excess of the approved annual budget for expense reimbursement will not be reimbursed, unless specifically approved by the Board of Directors.
- 9. Unused budget.** Any portion of the annual budget for professional expense reimbursement that is not reimbursed based on the submission of documentary evidence as provided under this policy shall remain in WAY treasury and not be distributed to the Employee.
- 10. Retention of records.** All receipts and other documentary evidence used by an Employee to substantiate business and professional expenses reimbursed under this policy shall be retained by WAY.

Under no circumstances will WAY reimburse an Employee for business or professional expenses incurred on behalf of WAY that are not properly substantiated according to this policy. The Board of Directors and staff understand that adherence to the requirements of this reimbursement policy is necessary to prevent the plan from being classified as a "nonaccountable" plan.

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ACKNOWLEDGEMENT FORM

I, _____ declare that I have received a copy of the Accountable Reimbursement Policy of the Watershed Alliance of York and have read and fully understand the policy.

Signature: _____ Date: _____