

Bluffview Montessori School

Accountable Expense Reimbursement Plan Resolution

Whereas, Income tax regulations provide that an arrangement between an employee and employer must meet the requirements of business connection, substantiation, and return of excess payments in order to be considered a reimbursement;

Whereas, Plans that meet the three requirements listed above are considered to be accountable plans, and the reimbursed expenses are generally excludable from an employee's gross compensation;

Whereas, Plans that do not meet all the requirements listed above are considered nonaccountable plans, and payments made under such plans are includible in gross employee compensation; and

Whereas, Bluffview Montessori School (BMS) desires to establish an accountable expense reimbursement policy in compliance with the income tax regulations;

Resolved, That BMS establish an expense reimbursement policy effective October 20, 2004 whereby BMS employees may receive reimbursement of expenses if

- A. There is a stated business purpose of the expense related to the mission of BMS and the expenses would qualify for deductions for federal income tax purposes if the expenses were not reimbursed,
- B. The employee provides adequate substantiation for BMS for all expenses, and
- C. The employee returns all excess reimbursements within a reasonable time, and

Resolved, That the following methods will meet the "reasonable time" definition:

- A. An advance, when approved, is made within 30 days of when an expenses is paid or incurred;
- B. An expense is substantiated to BMS within 60 days after the expense is paid or incurred, or
- C. An excess amount is returned to BMS within 120 days after the expense is paid or incurred, and

Resolved, That substantiation of business expense will include business purpose, business relationship (including names of persons present), cost (itemized), time and place. Auto mileage reimbursed must be substantiated by miles traveled, destination and purpose. The school will retain the original copies related to the expenses substantiated.

Approved by Board of Directors as of _____ 10-20-2004 _____

Attested by Secretary, Board of Directors _____