



Reimbursement Policy

I. Summary

Business expenses may be reimbursed if an individual paid the expense from personal funds. However, the Virginia Funeral Directors Association prefers that business expenses are paid directly by the Treasurer through appropriate Virginia Funeral Directors Association buying and paying methods.

This policy establishes the three components required for reimbursement of allowable non-compensation business expenses:

- An allowable business expense
- Substantiation of the expense with receipts and expense report
- Approval of the expense

II. Who is Affected by this Policy

This policy affects all employees, independent contractors, and guests seeking reimbursement for necessary and reasonable noncompensation business expenses. Every individual who reviews, approves, or records financial transactions on behalf of the Virginia Funeral Directors Association.

III. Definitions

Appropriate expense

An expense that is suitable or fitting for a particular valid business purpose.

Allowable expense

A necessary, reasonable, and appropriate expense incurred for the primary benefit of Virginia Funeral Directors Association business and therefore permitted to be reimbursed or directly charged based on the permission of the Virginia Funeral Directors Association or by the terms of privately sponsored agreements.

Necessary

Minimum purchase or service required to achieve a particular business objective.

Original Receipt

The original merchant receipt or invoice issued by the supplier or service provider to document and substantiate the business transaction. A digital image of the original receipt is allowable provided that it is legible and the paper receipt is destroyed.

Reasonable

An expense that is ordinary and reflects a prudent decision to incur the expense on behalf of Virginia Funeral Directors Association business. Not extreme or excessive.

Substantiation

Documentation to support an incurred business expense that includes the original receipt, documentation of business purpose, names of persons in

attendance, and appropriate expense report for the incurred cost.

IV. Policy

ALLOWABLE BUSINESS AND TRAVEL EXPENSES

Please consult the [Travel Policy](#) to determine whether a particular expense is an allowable expense charged against Virginia Funeral Directors Association or sponsored funds. Allowable business expenses may be reimbursed if an individual paid the expense from personal funds. However, the Virginia Funeral Directors Association prefers that business expenses are paid directly by the Treasurer of the Virginia Funeral Directors Association.

SUBSTANTIATION AND ORIGINAL RECEIPTS

In order for a business expense to be approved and reimbursed, it must be properly substantiated. Receipts for all expenditures are required for reimbursement. If sponsor requirements are more restrictive, the more restrictive receipt requirement will take precedence. If a required receipt has been lost, a written request for reimbursement must be submitted.

EXPENSE REPORT

Reimbursement as a nontaxable payment can be made as long as the expense:

- qualifies as an allowable business expense according to the Travel Policy; and
- all substantiation and receipt requirements are met.

The sections below establish Virginia Funeral Directors Association policy for reimbursement based on proper substantiation of the business expense, timely request for reimbursement, and payment approval.

APPROVAL AND REIMBURSEMENT

For each business expense reimbursement being requested, the valid business purpose of the expense must be stated, and two approvals will be needed: the individual who has incurred the expense and is requesting the reimbursement and the Virginia Funeral Directors Association President.

DEADLINE TO SUBMIT EXPENSE REPORTS AND DOCUMENTATION –

Expense Reimbursement Deadlines

To be reimbursable, business expenses must be properly substantiated and submitted within certain time limitations. These time limitations determine both whether the cost may be reimbursed by the Virginia Funeral Directors Association as a business expense, and whether that reimbursement will be treated as taxable income to the individual.

The Virginia Funeral Directors Association has adopted an "accountable plan," which allows it to reimburse properly substantiated business expenses without including the reimbursement in the taxable income of the individual incurring the expense. "Accountable plan" standards established by the Internal Revenue Service ("IRS") require that the expense must be an "ordinary and necessary expense" of operating a business, must be substantiated in writing within a "reasonable time" of the incurrence of the expense, and that all unsubstantiated amounts advanced must be returned within a "reasonable time."

In order that expenses are recorded on a timely basis, the Virginia Funeral Directors Association encourages that reimbursable business expenses be substantiated within 15 days after the expense is incurred. Expenses incurred in advance of a trip, conference, or event should be substantiated within 15 days of purchase (e.g. airfare, conference fees, registration fees, advance deposits, etc.).

In order to comply with IRS requirements, the Virginia Funeral Directors Association has adopted the IRS standards for establishing reasonable time limitations for determining the tax treatment of reimbursements, as follows:

- If substantiation for the reimbursement is submitted within 30 calendar days of when the expenses were incurred, and if all other

requirements of the Virginia Funeral Directors Association Travel Policy are met, the reimbursement will be treated as a nontaxable reimbursement of a Virginia Funeral Directors Association business expense.

- If substantiation occurs more than 30 calendar days after the expenses were incurred, the expense reimbursement request must include an explanation for the delay. At the discretion of the Virginia Funeral Directors Association Board of Directors, reimbursement requests beyond the 30-day limit may be approved, and the reimbursement will be reported to the IRS as taxable income paid to the individual. Note that for expenses incurred while travelling, the traveler will have 30 calendar days upon returning from travel to substantiate and submit the expenses. This does not apply to expenses incurred before the trip (e.g. airfare) which must be substantiated and submitted within 30 days of incurring the expense.

The following guidelines appear in Treasury Regulation Section 1.62-2(g) to establish what will be considered a "reasonable time" period for purposes of the following:

- Advance Payments – Funds can be advanced up to 30 days before reasonably anticipated expenses are paid or incurred.
- Substantiation – Must be submitted within 30 days of when expenses are paid or incurred.
- Return of Excess Amounts – within 60 days after expenses are paid or incurred.*

*Note: Unsubstantiated advances, i.e., "excess amounts," not returned to the Virginia Funeral Directors Association within 60 calendar days of when paid must be reported to the IRS as taxable income to the individual.

