

Meal & Entertainment Allowance Guidelines

EFFECTIVE DATE: October 1, 2018

The purpose of this policy is to clearly define allowance for meal and entertainment purchases at TPCC. “Entertainment” includes meals and any activity generally considered to provide entertainment, amusement, or recreation. Entertainment & meal expenses are reimbursable only if you can demonstrate that the amounts spent are either (1) *directly related* to the active conduct of your ministry, or (2) *associated* with the active conduct of your ministry per the IRS guidelines below.

1. **Directly Related Entertainment** – Ministry meals and entertainment are considered directly related to the active conduct of ministry if ALL the following conditions are met:
 - There is a specific ministry benefit from the meal or entertainment.
 - Ministry is discussed during the meal or entertainment.
 - The principal purpose of the expense is the active conduct of ministry.
 - The meal or entertainment is attended by an employee of TPCC and ministry associates. (Spouses may also be included, but justification may be requested).

The following are examples of situations with substantial distractions **and would not qualify for reimbursement:**

- A meeting or discussion at a theater or sporting event;
 - A meeting or discussion during what is essentially a social gathering, such as a party; or
 - A meeting with a group that includes persons who are not ministry associates, at places such as restaurants, country clubs, athletic clubs, or vacation resorts.
2. **Associated Entertainment** – To show that entertainment was associated with the active conduct of your ministry, you must be able to demonstrate that the entertainment was (1) associated with the active conduct of your trade or ministry and (2) occurred directly before or after a substantial ministry discussion. Generally, an expense is associated with the active conduct of your trade or ministry if you can show that you had a clear ministry purpose for incurring the expense. The purpose may be to get new business or to encourage the continuation of an existing ministry relationship. A ministry discussion will not be considered substantial unless you can show that you actively engaged in the discussion, meeting, negotiation, or other business transaction to get income or some other specific ministry benefit. The meeting does not have to be for any specified length of time, but you must show that the ministry discussion was substantial in relation to the meal or entertainment. It is necessary that you devote more time to ministry than to entertainment. You do not have to discuss ministry during the entertainment.

★ **Key Point:**

Traders Point Christian Church reimburses for ministry meals and entertainment only if there is a *clear, necessary reason* for the meeting and it meets IRS requirements for a ministry meal/entertainment. These expenses must be fully documented and must be supported by receipts.

You must be able to demonstrate that your expenses were not purely social but have a *primary ministry purpose*. Spouse's expenses may be included in the entertainment cost if their presence serves a legitimate ministry purpose or if it would be impractical under the circumstances to entertain the associate without including his or her spouse.

EXPENSE DOCUMENTATION:

To ensure that the cost of meals and entertainment are allowable expenses, the church and its employee must comply with strict substantiation rules. A written explanation of each of the following is required for each expense:

- The **NAME(s)** of each person(s) involved and **MINISTRY RELATIONSHIP** to the person.
- The **TYPE** of expense or activity must be stated.
- The **PURPOSE** for the meal or entertainment.
- The **LOCATION** of the meal or entertainment.
- The **DATE** and **TIME** of the meal or entertainment.

MINISTRY MEAL/ENTERTAINMENT ALLOWANCE:

The cost of meals/entertainment should be limited to a reasonable amount. Transactions consistently exceeding the reasonable amount listed below and that are not substantiated will be considered personal expenses and must be reimbursed to TPCC. The reasonable amount established for this policy is:

Ministry Related Meals:

- \$12.00 per person for breakfast meals (tax & gratuity included)
- \$15.00 per person for lunch meals (tax & gratuity included)
- \$18.00 per person for dinner meals (tax & gratuity included)

★ **Key Point:** Ministry meals between employees should be held to a minimum and held only if there is absolutely no other time when they can meet. If meeting off-site is necessary, consider meeting for coffee versus a full meal. **Meals between employees that are regularly recurring and/or once a month or more are considered frequent and will not be reimbursed.** This is per IRS regulation.

An occasional lunch between staff to discuss ministry may be regarded as ordinary and necessary. Birthdays and new employee welcome meals are considered occasional and are reimbursable. Birthday meals will only be covered for the employee celebrating a birthday; any other employees present should pay for their own meals. New employee welcome meals are covered for the new employee, supervisor, and team member(s) who are present. Both birthday and new employee meals should be budgeted for in the department's regular budget. When employees are eating together at a restaurant, the senior TPCC employee present should pay the bill.

See Addendum 1 for additional examples of ministry meal scenarios.

Hosting Out-of-Town Guest:

- \$15.00 per person for breakfast meals (tax & gratuity included)
- \$18.00 per person for lunch meals (tax & gratuity included)
- \$22.00 per person for dinner meals (tax & gratuity included)

Out-of-Town Travel:

- \$15.00 per person for breakfast meals (tax & gratuity included)
- \$18.00 per person for lunch meals (tax & gratuity included)
- \$22.00 per person for dinner meals (tax & gratuity included)

This is not per diem. The amounts are reduced accordingly if:

- The employee is hosted at a ministry meal paid by someone else.
- The conference fee includes meals.
- The hotel rate includes breakfast.

Pricing of meals can vary depending on area, if costs incurred during out-of-town travel exceed maximums listed above, description of cost increase must be included with receipts.

To qualify as Out-of-Town Travel, the employee must be away from the general area of your regular campus substantially longer than an ordinary day's work, requiring an overnight stay. Meal expenses incurred while traveling and not requiring an overnight stay are considered personal expenses and will not be reimbursed.

Meals or entertainment may be provided to employees or employees and their families, on an occasional basis determined by the Executive Team. The same type of documentation is required for these expenses. In addition, any items purchased for leading or attending a group, is considered a personal purchase and not covered by TPCC.

Volunteer Meals:

Volunteer appreciation meals should be approved by your Department Pastor/Director before any expense is incurred and should have a purchase requisition approved prior to the event if the total cost of the meal for the group exceeds \$400.00. The following guidelines should also be followed for Volunteer meals:

For individual volunteer meals:

- \$12.00 per person for breakfast meals (tax & gratuity included)
- \$15.00 per person for lunch meals (tax & gratuity included)
- \$18.00 per person for dinner meals (tax & gratuity included)

- \$10.00 per person for team event meals (tax & gratuity included)

Leadership Team Allowance:

Department Directors should follow the guidelines established in the “Ministry Related Meals” section of the policy. In addition, Department Team meetings where lunch is provided should be infrequent and should meet the following guidelines: be approved through Professional Development proposal by your Executive Director before any expense is incurred and should have purchase requisition approved prior to the meeting if cost of the meal for the group exceeds \$400. The following guidelines should also be followed for Department Team Meetings:

- \$10.00 per person for meals (tax & gratuity included)

This amount is also subject to compliance with Professional Development Policy regarding team retreats/meetings.

Occasional staff team appreciation and celebration over a meal to boost morale are appropriate when in compliance with the dollar amounts established in this policy. This should be budgeted for within your department’s budget and should be infrequent and nonrecurring.

All other employee meals provided by TPCC on its premises must be for the convenience of the employer where business working hours requires a restricted meal period of 30 minutes or less. This is per IRS regulations.

Executive Team Allowance:

Executive Team should follow the guidelines established in this policy as closely as possible. However, it is understood they are required to entertain for ministry related purposes where expenses could exceed the established guidelines. While no dollar limits are set forth in this policy, Executive Team Members are expected to use good judgment and hold expenses to a reasonable amount. All Executive Team Member’s expenses will be reviewed by the Executive Pastor and/or Elders for compliance.