

Expense Reimbursement:

CONSIDERATIONS AND OPTIONS

Legally, the IRS views trustee compensation and expense reimbursement in the same light. For both, the key question is whether paying expenses (or compensation) is reasonable and necessary to carrying out the exempt purposes of the foundation. Still, many argue that expense reimbursement is inherently more reasonable. Here are some questions to help you think about whether expense reimbursement is appropriate to your foundation:

- What are the founding donors' opinions on expense reimbursement? What are the family's values regarding voluntary

boards? Are they reimbursed for the expenses of other voluntary board service?

- Is our philosophy on the issue of reimbursement consistent with what we expect of trustees in terms of their board service? Do we take into account the expense associated with site visits, meetings, and other board activities when deciding on what level of commitment is appropriate and necessary for continued board membership?
- Have we kept accurate and complete records regarding the amount of expenses contributed by board members

in the past? Do we wish to keep these records in the future?

- What are typical expenses incurred by individual trustees? Are circumstances different for individual trustees? Do trustees have different abilities to cover their own expenses and take time off from other life responsibilities for foundation service? Is payment of expenses necessary for an individual trustee's continued participation?
- Are there ways that we can reduce the ongoing expenses of our board members (conference calls, use of email, choice of meeting location, etc.)?