Whole Life Farm Arts & Music Foundation

SECTION 12 - COMPENSATION & REIMBURSEMENT POLICY

Policy & Governance Handbook

Draft for Board Review and Adoption

Purpose: This policy establishes procedures for reasonable compensation and reimbursement of legitimate Foundation expenses while protecting charitable assets and addressing conflicts of interest.

1. GENERAL STANDARD

Foundation funds may be used to pay reasonable compensation for services actually rendered and to reimburse reasonable, necessary expenses incurred in furtherance of the Foundation's charitable purposes. Payments shall be properly authorized, documented, and consistent with applicable law and the Foundation's financial policies.

2. BOARD SERVICE

Directors shall not be compensated merely for serving on the Board unless the governing documents and applicable law permit such compensation and the Board expressly approves it. Directors may be reimbursed for reasonable expenses incurred on behalf of the Foundation.

3. SEPARATE SERVICES BY DIRECTORS OR OFFICERS

A director or officer may be paid for legitimate services separate from Board service, such as teaching, performing, event production, administration, professional services, facility services, or other work, when the arrangement is in the Foundation's best interests, compensation is reasonable, the relationship is fully disclosed, and approval follows the Conflict of Interest Policy.

4. REASONABLE COMPENSATION

Compensation should reflect the nature of the work, qualifications, time required, responsibilities, market conditions, available funding, and comparable compensation when appropriate. The Foundation shall not knowingly pay excessive compensation or use charitable assets to provide improper private benefit.

5. APPROVAL OF COMPENSATION

Compensation shall be approved by persons with appropriate authority. A person whose compensation is being considered shall not vote on or improperly influence approval of that compensation when a conflict exists. Significant compensation arrangements involving directors, officers, founders, family members, or other interested persons should be approved by disinterested directors and documented in the minutes.

6. COMPARABILITY INFORMATION

When appropriate to the amount or circumstances, the Board should consider comparable compensation data, quotes, prevailing rates, prior arrangements, or other reliable information before approving compensation. The level of documentation should be proportionate to the significance of the payment.

7. WRITTEN DOCUMENTATION

Material compensation arrangements should be documented through an employment record, contract, engagement letter, Board resolution, approved invoice, or other written record identifying the services and payment terms.

8. REIMBURSABLE EXPENSES

Reasonable expenses incurred for authorized Foundation purposes may be reimbursed. Examples may include approved program supplies, event materials, printing, postage, mileage or travel, lodging when necessary, registration fees, equipment, meals connected with legitimate Foundation travel or business, and other documented mission-related expenses.

9. NONREIMBURSABLE EXPENSES

Personal expenses, fines or penalties resulting from personal misconduct, undocumented expenses lacking a reasonable Foundation purpose, excessive or lavish expenses, and costs not authorized or reasonably connected to Foundation activities are generally not reimbursable.

10. RECEIPTS AND SUPPORT

Reimbursement requests should include receipts or equivalent documentation when reasonably available and identify the date, amount, payee, and Foundation purpose. If a receipt is unavailable, the requester should provide a written explanation sufficient for an authorized reviewer to evaluate the expense.

11. APPROVAL OF REIMBURSEMENTS

A person should not approve that person’s own reimbursement when another authorized reviewer is available. Reimbursements involving a director, officer, founder, or related party should receive independent review appropriate to the amount and circumstances.

12. TIMING

Reimbursement requests should be submitted within a reasonable period after the expense is incurred. The Board may establish administrative deadlines for submission. Late requests may be denied when delay prevents adequate verification or financial reporting.

13. ADVANCES

The Foundation may provide an advance for anticipated program or travel expenses when appropriate. The recipient must account for the use of the advance and return any unused amount within a reasonable period.

14. TRAVEL AND MILEAGE

Authorized travel should be economical and reasonable under the circumstances. Mileage reimbursement, when offered, may use a rate established by the Board or another reasonable rate consistent with applicable tax rules. Mileage logs should identify the date, destination, distance, and Foundation purpose.

15. MEALS AND LODGING

Meals and lodging may be reimbursed when reasonably necessary for authorized Foundation travel, events, conferences, performances, or other business. Expenses should be reasonable and not lavish. Personal entertainment or expenses for accompanying family or friends are not reimbursable unless independently authorized for a legitimate Foundation purpose.

16. USE OF PERSONAL PROPERTY

Use of personally owned instruments, audio equipment, vehicles, facilities, computers, or other property does not automatically create a right to compensation or reimbursement. Any rental, facility fee, mileage payment, or other compensation should be authorized and documented in advance when practical, particularly when the owner is a director, officer, or related party.

17. CREDIT AND DEBIT CARD PURCHASES

Use of a Foundation payment card is subject to the Financial Management & Internal Controls Policy. A cardholder must document the Foundation purpose of each purchase and promptly repay any accidental personal charge.

18. TAX TREATMENT

The Foundation shall report compensation and reimbursements as required by applicable tax law. Properly substantiated business-expense reimbursements may be treated differently from taxable compensation. The Foundation may consult a payroll, accounting, or tax professional when treatment is uncertain.

19. PROHIBITION ON PRIVATE INUREMENT

No compensation, reimbursement, rental payment, contract payment, or other financial arrangement may be used to improperly distribute the Foundation’s charitable earnings or assets for private benefit.

20. RECORDKEEPING

Compensation approvals, contracts, invoices, reimbursement requests, receipts, mileage records, comparable data when used, and related Board minutes shall be maintained under the Record Retention & Document Destruction Policy.

21. POLICY REVIEW

The Board should periodically review compensation and reimbursement practices, particularly when the Foundation hires staff, materially expands programming, increases payments to related parties, or experiences significant growth.

22. ADOPTION

This Compensation & Reimbursement Policy becomes effective when approved by the Board of Directors and remains in effect until amended or replaced by the Board.

EXPENSE REIMBURSEMENT FORM

Name:	_____	Date submitted:	_____
Role / program:	_____	Total requested:	$_____
Expense date	Vendor / description	Foundation purpose	Amount
			$
			$

			$
			$
		TOTAL	$

Requester certification: The expenses listed above were incurred for legitimate Foundation purposes and have not been reimbursed from another source.

Requester signature:	_____	Approved by:	_____
Date:	_____	Approval date:	_____

BOARD ADOPTION RECORD

Date adopted:	_____
President:	_____
Secretary:	_____
Board vote:	_____ in favor _____ opposed _____ abstained

Document status: DRAFT - not effective until formally adopted by the Board of Directors.