



1. A nonprofit's **exempt purpose** determines how they can spend their resources.
 - Related Topics
 - Exempt purpose
 - Inurement and private benefit
 - Conduit of funds
 - Resources:
 - [IRS Publication 557 \(01/2024\), Tax-Exempt Status for Your Organization](#)

2. There are specific requirements, especially for documentation, for appropriate spending for nonprofits and churches.
 - **Accountable Expense Reimbursement Plan**
 - Requirements:
 - Expenses must have a business connection.
 - Expenses must be substantiated within a reasonable period.
 - Employees must return any excess reimbursement within a reasonable period.
 - Resources:
 - [IRS Publication 15 Employer's Tax Guide](#)
 - *Journal of Accountancy* [Start or review an accountable plan](#) Feb 2020
 - Spending must comply with **donor restrictions**, where applicable
 - Gift Acceptance Policy (sample available from ECFA)
 - Discretion and control wording (resources available from ECFA)
 - Additional resources:
 - ECFA Church & Nonprofit Tax & Financial Guide

3. Nonprofits and churches need to take care to avoid common issues with spending their resources.
 - Related Topics
 - Taxable vs. nontaxable travel
 - OFAC Compliance
 - Resources:
 - Travel - [IRS Publication 463 Travel, Gift, and Car Expenses](#)
 - OFAC - <https://ofac.treasury.gov/>