

Volume

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UNITARIAN UNIVERSALIST CONGREGATION
OF SANTA FE
Congregational Manual

Policies: Financial Management

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Revision History

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|------------------|---------|---|
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| October 17, 2013 | 1.2 | Revised restricted contributions policy |
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Purpose

To ensure that controls are established to facilitate efficient and effective management of UU Santa Fe's fiduciary responsibilities in compliance with current **Financial Accounting Standards Board (FASB)/Generally Accepted Accounting Principles (GAAP)** accounting practices and governmental regulations and the current *Bylaws* of the Congregation.

Scope

The financial policy covers all financial activity by UU Santa Fe and its designated agents. Specific policies pertaining to the Permanent Endowment Fund may be found in Volume 3e of the Congregational Manual.

Definitions

Audit Committee. Group defined by the UU Santa Fe *Bylaws* as having responsibility for the annual financial audit.

Board of Trustees. Group defined by the UU Santa Fe *Bylaws* as having fiduciary responsibility.

Finance Team. Team established by the Vice President for Finance (VPF) that has the responsibility to oversee the yearly pledge campaign, fundraising, budget preparation and monitoring Permanent Endowment activities (See Volume 2 of the Congregational Manual for further details).

Segregation of Duties. Separation of duties is a key concept of internal controls wherein no person should be given responsibility for more than one related function. Increased protection from fraud and errors must be balanced with the increased cost/effort required.

Titled Positions and Functional Roles. Throughout this document Titled Positions (e.g., Minister) will be noted with a leading cap while functional roles (e.g., bookkeeper) will be noted with a lower case letter.

Financial Accounting Standards Board (FASB) is an independent board responsible for establishing and interpreting generally accepted accounting principles. FASB standards are officially recognized as authoritative by the Securities and Exchange Commission (SEC) and the American Institute of Certified Public Accountants (AICPA).

Generally Accepted Accounting Principles (GAAP). Authoritative rules, practices, and conventions meant to provide both broad guidelines and detailed procedures for preparing financial statements and handling specific accounting situations. GAAP provides objective standards for judging and comparing financial data and its presentation, and limit the freedom in showing an unrealistic picture through creative accounting. An auditor must certify that the provisions of GAAP have been followed in reporting an organization's financial data in order for it to be

accepted by investors, lenders, and tax authorities.

Confidentiality

It is the policy of the UU Santa Fe that board members, volunteers, and employees of the UU Santa Fe may not disclose, divulge, or make accessible confidential information belonging to, or obtained through their affiliation with the UU Santa Fe to any person, including relatives, friends, and business and professional associates, other than to persons who have a legitimate need for such information and to whom the UU Santa Fe has authorized disclosure.

Board members and employees shall use confidential information solely for the purpose of performing services as a trustee or employee for the UU Santa Fe. This policy is not intended to prevent disclosure where disclosure is required by law.

Board members, employees, and volunteers must exercise good judgment and care at all times to avoid unauthorized or improper disclosures of confidential information.

Conversations in public places, such as restaurants, elevators, and public transportation, should be limited to matters that do not pertain to information of a sensitive or confidential nature. In addition, board members and employees should be sensitive to the risk of inadvertent disclosure and should for example, refrain from leaving confidential information on desks or otherwise in plain view and refrain from the use of speaker phones to discuss confidential information if the conversation could be heard by unauthorized persons.

At the end of a board member's term in office or upon the termination of an employee's or volunteer's relationship with the UU Santa Fe, he or she shall return, at the request of the UU Santa Fe, all documents, papers, and other materials, regardless of medium, which may contain or be derived from confidential information, in his or her possession.

Specifically in regards to pledges, individual information shall be restricted to the bookkeeper and VPF.

Church Organization

Financial Accounts

Financial Institutions and Accounts

The Board of Trustees shall annually, or as needed, approve and review the financial institution(s) and the type(s) of accounts that are the repository of UU Santa Fe funds, with the exception of the Permanent Endowment Fund, which is the responsibility of the Permanent Endowment Committee.

Petty Cash Account

One petty cash account of \$100 is authorized for the UU Santa Fe bookkeeper for incidentals that are within the approved budget and are of immediate need. The bookkeeper will maintain documentation or explanation of the expenditures. The petty cash account shall be reconciled monthly and its use evaluated at least annually by the Finance Team.

Credit Card Accounts

The President of the Board of Trustees and the Minister may authorize the use of credit cards for ministerial and office staff whose job responsibilities require them to make purchases that cannot be made through the normal purchasing process. They will also establish an appropriate credit limit on an individual basis.

Upon staff turnover, such credit cards shall be cancelled within one billing cycle.

Emergency Account

A separate checking account not to exceed \$300 may be established for the Emergency Account, which is used only by the Minister to address time-sensitive and critical emergencies for individuals (e.g., to pay rent to avoid eviction, medical prescriptions). The Minister and the VPF are the authorized signers on this account.

Signatories

The President, Vice President, and VPF shall be the approved signatories on all bank and investment accounts and the safe deposit box. One of the signatories listed above shall sign all checks. Checks for amounts of \$3,000 or more shall require two signatures, that of the President and one other signatory. The recipient and signer of a check may not be the same individual, nor may two members of the same family sign a single check.

Signatories on all bank and investment accounts shall be reviewed annually by the bookkeeper and the VPF to ensure compliance with current Board and staff authorities.

New Financial Accounts

In order to establish a new checking account or special fund, the staff or church member requesting the account must make a written request to the VPF with an explanation of the purpose for the account. The VPF will present a recommendation to the Board of Trustees for approval. The request will be reviewed at the next Board of Trustees meeting, and a decision will be communicated to the requestor within one week of the meeting.

If approved, the VPF will set up the account.

Expenditures

Check Issuance

The bookkeeper shall prepare all checks for payment of approved invoices and vouchers in a timely manner to avoid interest or penalty charge.

All invoices shall acknowledge the receipt of goods purchased and date of payment. A copy of the check stub shall be attached to the file copy.

Payroll

Refer to the UU Santa Fe Personnel Policies and Procedures (UU Santa Fe Congregational Manual, Volume 3d) for details on pay period, vacation and sick leave, etc.

It is the bookkeeper's responsibility to ensure timely payment of payroll, all payroll withholdings to the appropriate agency, and all related reporting requirements.

Authorization to Enter into Contracts

The bookkeeper may contract for services that fall within the approved budget and are less than \$500; the VPF or President must review and sign all contracts that are \$500 or more. The President of the Board must co-sign contracts that are \$5,000 or more.

The Board must authorize contracts that fall outside the approved budget.

Credit Card Purchases

Receipts must be submitted for all credit card purchases and filed with the credit card statement.

Reimbursement or Purchasing Request

Requests for payment, whether to an individual or a business, shall include full name, address, phone, and, if possible, email address. This information enables the bookkeeper to collect any necessary tax documentation and ensures UU Santa Fe's compliance with IRS and Worker's Compensation rules. The requester will also provide the name of the committee or department to which the expense will be charged.

Either the requester or the bookkeeper will obtain the written approval of the person responsible for the budget line prior to issuing payment.

The information shall be provided to the bookkeeper by completing a "Reimbursement/Payment Request Form." When the request is for reimbursement of money already spent, requester will attach all necessary receipts to the Reimbursement/Payment Request Form. When the request is for a purchase to be made, requester will provide detailed product and quantity information as

well as desired delivery deadline.

Only expenses approved within the budget or specially approved by the Board shall be reimbursed. Any exceptions shall be documented as to reason and approved by the VPF or his/her designee(s).

Approval of Committee Expenditures

Committee expenditures must be approved in advance by the committee chair/team lead.

Church Charge Accounts

With approval of the President of the Board and VPF, the bookkeeper may establish and maintain UU Santa Fe charge accounts with contractors who provide repetitive or ongoing services to UU Santa Fe. Such accounts may not exceed limits set by the Board and must be paid in full monthly unless the Board has previously approved an installment plan.

Nontaxable Transaction Certificates

Nontaxable Transaction Certificates shall be issued by the bookkeeper as appropriate.

Collections and Bank Deposits

Deposits

All monies received by UU Santa Fe shall be deposited by the bookkeeper or his/her designee in an appropriate account. All monies received shall be identified by source. All monies shall be stored in the safe or in a locked file until deposited.

The bookkeeper prepares all deposits, which may be deposited by designated staff.

Monies should be deposited at the bank on the day received if possible, and in no case later than five (5) business days from receipt. Outside banking hours the deposits should be placed in the bank's night depository.

The record of each deposit, including the deposit slip and photocopies of all deposited checks, shall be maintained in the financial files.

Sunday Offerings

Monies and checks received shall be counted and documented in writing by at least two people (typically the ushers).

All checks shall be stamped with a restrictive endorsement.

All monies will be placed in the safe and deposited at the bank as soon as possible.

Fundraisers

Members are permitted to hold events for fundraising. When the fundraiser is designed for a dedicated purpose, prior Board approval shall be obtained. Such funds will be recorded as donor-designated on the General Ledger. All other receipts from fundraisers shall go into the Congregation's General Fund.

All funds collected shall be delivered promptly to the bookkeeper for deposit, along with the Cash Count Sheet indicating the source of funds (e.g., sermons, coffee service, book sale). Money collected at church events should be counted by two individuals designated for that event. A Cash Count Sheet should be completed, signed by both individuals, and turned in to the bookkeeper with the funds collected.

First Sunday Giving

Funds collected for First Sunday Giving pass through UU Santa Fe accounts. All funds collected are deposited to UU Santa Fe's accounts and a check written to the designated organization.

Donors are asked to make checks payable to UU Santa Fe with the name of the designated organization in the memo field.

Donations of Stocks and Bonds

Members who desire to do so may donate publicly-traded securities in partial or full payment of their pledges. Such transfers are to be initiated by the donor.

When stocks are received electronically, they are sold immediately and the proceeds deposited into our brokerage account.

Physical stock certificates presented to UU Santa Fe will be transferred as quickly as possible and then sold immediately and the proceeds deposited as noted above.

Unless otherwise designated, the proceeds shall be deposited into the General Fund.

Members are entitled to claim, for tax purposes, the amount the stock was trading for at the time the transfer to the congregation was made. Their pledge accounts are credited with the net proceeds of the sale received by UU Santa Fe.

Permanent Endowment Fund Management

See the Permanent Endowment Committee Handbook (UU Santa Fe Congregational Manual, Volume 3e).

Gifts "In Kind"

Gifts "in kind" (e.g., paintings, furnishings) require a favorable recommendation from an appropriate congregational committee/team to the Board of Trustees and the approval of the Board.

If gifts are offered with restrictions, the Board of Trustees must approve the restriction before the gift can be accepted.

The Congregation may dispose of an “in kind” unrestricted gift at any time unless the Board has accepted restrictions.

The donor assumes responsibility for determining the value of the donation and any related tax benefit.

Restricted Contributions

The Unitarian Universalist Congregation of Santa Fe, through deliberations of its committees and Board, and by establishing the Congregation’s budget each year, determines how resources available to the Congregation will be expended. From time to time individual members seek to provide dedicated gifts for a specific purpose, in addition to their yearly pledges in support of the mission and vision of the Congregation.

The Board must approve any restricted gift over \$500, including gifts in kind. Any restricted gift, regardless of amount, must be approved by the Board if its acceptance would create a new program or financial or operational responsibility.

Restricted gifts of \$500 or less, including gifts in kind, may be accepted without Board approval provided that either:

- The gift is designated to contribute to an existing budget line item (for example, UUA dues), as determined by the bookkeeper, or
- The gift contributes to an existing program, and is accepted by the appropriate Council team (for example, a gift to CYFM to support OWL leader training).

The Board will apply the same criteria to determine whether to accept restricted contributions of over \$500.

Assets

Transfer of Funds between Accounts

The bookkeeper and Vice President of Finance are authorized to make transfers between bank and investment accounts.

A record of such transactions shall be maintained in the financial files.

Bonding and Insurance

Insurance policies shall include, but not be limited to, fire, property and general liability, workers compensation and trustee/officers liability.

The Finance Team and bookkeeper shall ensure protection of the UU Santa Fe assets by acquiring appropriate insurance and reviewing insurance policy needs on an annual or as-needed basis.

A summary of insurance policies and any recommendations for change shall be

presented to the Board annually by the VPF.

Account Reconciliation

All financial accounts on the balance sheet shall be reconciled monthly by the bookkeeper and reviewed by the VPF or his/her designee.

Fixed Assets

It shall be the practice of UU Santa Fe to include financial assets and real estate on its books.

Finance Team Responsibilities

Bank Statements

The bookkeeper is responsible for monthly reconciliation of all bank accounts. The VPF or his/her designee will review as needed, noting anything questionable (e.g., lack of two signatures or an unusual vendor). If in doubt, the backup for the check should be reviewed. The bookkeeper shall provide a monthly check ledger to the Finance Team.

General Ledger

The bookkeeper is responsible for accurately recording the financial activities of the church in accordance with GAAP.

Financial Audit

Congregational financial records shall be audited annually by the Audit Committee that is elected by the Congregation and independent of the Financial Team; the Audit Committee may engage an external auditor to perform this audit. The results of the audit shall be reported to the Board and the Congregation.

Elements of the audit should include:

- Review of a trial balances report
- Review of journal entries
- Physical statements from banks and investment companies
- Review of all financial reports presented to the Board
- Sampling of typical transactions (e.g., deposits, expenditures) for accuracy

Financial Reporting

Monthly Reports to the Board

The bookkeeper shall prepare a monthly report to the Board including the following:

- Balance Sheet
- Income statement in the form of Budget to Actual report
- Cash flow statement

Ad hoc reports may also be requested.

Permanent Endowment Fund Reports

The PEC shall provide an annual report to the VPF/Finance Team showing changes in net assets owing to withdrawals and deposits and overall performance of the investment.

Individual Contribution Reports

The bookkeeper will send pledge status reports to each pledge unit quarterly and at the end of the calendar and fiscal years.

Pledge Campaign Reporting

During the annual canvass, the bookkeeper shall provide status reports to the VPF and the Stewardship Committee chair to assist in managing the campaign and preparing status reports for the Congregation. The format for the data provided by the bookkeeper shall be mutually agreed upon by the Stewardship Committee Chair, VPF, and the bookkeeper. Note that only the bookkeeper and VPF may view individual pledge information.

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