

**Volume**

**3c**

UNITARIAN UNIVERSALISTS  
OF SANTA FE

UU Santa Fe Manual

Policies: Financial Management

Version 3.0  
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## Revision History

Date	Version	Comments
Unknown	1.0	Initial version approved by Board of Trustees
January 16, 2013	1.1	Major revisions, addition of many sections
October 17, 2013	1.2	Revised restricted contributions policy
August 18, 2016	2.0	Scheduled review. Revised references to Business Manager.
December 9, 2019	3.0	Scheduled review. Revised policy to reflect current best practices.

Scheduled review cycle: 3 years

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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 accounting practices for non-profit organizations.

## 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

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

**Financial Review Committee.** Elected committee charged with conducting financial reviews of UU Santa Fe financial records or arranging and overseeing such a review.

**Finance Team.** Team or task forces established by the Vice President for Finance (VPF) and/or BoT 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.** Segregation 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 and Support.** QuickBooks is used for recording financial transactions. Breeze is used as a church management system and tracks all individual pledge payments, as well as other donations. QuickBooks is updated weekly with 'batches' of income.

In general, the reports made to the BoT are done on a cash basis, reflecting actual cash receipts and expenditures. Since pledges are often prepaid and paid after the "budget year," these pledges are deducted from cash pledges in reports to the BoT as unearned in the current year.

## 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 of the UU Santa Fe. This policy is not intended to prevent disclosure where disclosure is required by law.

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

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, they shall return, at the request of the BoT, all documents, papers and other materials, regardless of medium, which may contain or be derived from confidential information, in his or her possession.

Specifically, individual pledge information shall be restricted to the bookkeeper, VPF and Stewardship Committee.

## **Church Organization**

### ***Financial Accounts***

#### **Financial Institutions and Accounts**

The BoT shall approve and review the financial institution(s) and the type(s) of accounts that are the repository of UU Santa Fe funds at least every five years.

#### **Petty Cash Account**

One petty cash account may be authorized by the VPF with appropriate guidelines for its use. Documentation or explanation of the expenditures will be maintained, and the petty cash account shall be reconciled monthly and its use evaluated at least annually by the VPF, or designee.

#### **Credit Card Accounts**

The President of the BoT and the Minister may authorize the use of credit cards for 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.

Credit card statements shall be reviewed monthly by the cardholder. The statement will be submitted to the bookkeeper with an expense report (or adequate notations on the statement itself) that properly attributes expenditures to budget accounts. All statements/expense reports will be initialed by a "one up" supervisor. The Minister's report will be reviewed and authorized by the VPF or President of the BoT.

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

### **Minister's Emergency Account**

A separate checking account not to exceed \$1,000 may be established for the Emergency Account, which shall be 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 Officers of the BoT 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. 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 BoT for approval. The request will be reviewed at the next BoT 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 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 office administrator may contract for leases and 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. Two BoT officers must co-sign contracts that are \$5,000 or more.

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

### ***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 shall also provide the name of the committee, department or financial account to which the expense will be charged.

Either the requester or the office administrator shall 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 shall provide detailed product and quantity information as well as desired delivery deadline.

Only expenses approved within the budget or specially approved by the BoT shall be reimbursed. Any exceptions shall be documented as to reason and approved by the VPF or his/her designee(s). In most cases sales taxes should not be paid or reimbursed.

### ***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 BoT or VPF, the office administrator 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 office administrator or bookkeeper, as appropriate.

## **Collections and Bank Deposits**



### ***Deposits***

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, cash count, 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 (found on office administrator's desk). 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. Prior BoT approval shall be obtained if the fundraiser is for a dedicated purpose, and 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 and attributed to the specific fundraiser.

All funds collected shall be delivered promptly to the bookkeeper for deposit, along with the Deposit Information Form or the "pink" slip 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 Deposit Information Form or the "pink" slip must be completed, signed by both individuals, and turned into the bookkeeper with the funds collected.

### ***First Sunday Giving***

Cash collected for First Sunday Giving passes through UU Santa Fe accounts. Donors are asked to make checks payable to the designated organization. All checks collected are given directly to the designated organization. A check is issued to the designated organization for the cash received (and checks that may be written to UU Santa Fe for the designated organization).

### ***Donations of Stocks and Bonds***

Members may donate publicly traded securities. Such transfers are to be initiated by the donor through a transfer to our account with the UUA Common Endowment Fund following procedures and notification requirements established by the UUA. 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 UU Santa Fe

Savings Account.

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 BoT and the approval of the Board.

If gifts are offered with restrictions, the BoT 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***

UU Santa Fe, through deliberations of its committees and BoT, 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 BoT 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 BoT 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 Lifelong Learning to support OWL leader training).

The BoT 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. Claims under insurance policies will be made by the VPF, or designee.

The Finance Team and office administrator 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 BoT annually by the VPF.

### ***Fixed Assets***

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

### ***Investments***

The VP Finance is authorized to make investments in the UUA Common Endowment Fund, bank certificates of deposit and investment grade money market accounts. Any such investments shall be reported on the monthly balance sheet report.

## **Finance Responsibilities**

### ***Bank Statements and Reconciliation***

All financial accounts on the balance sheet shall be reconciled monthly by the bookkeeper and reviewed by the VPF or designee. This includes all bank and investment accounts, credit card accounts and a reconciliation between Breeze and QuickBooks for all pledge accounts, and other income accounts tracked by Breeze. The bookkeeper is responsible for monthly reconciliation. The VPF or 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.

### ***General Ledger***

The bookkeeper is responsible for accurately recording the financial activities of the church.

### ***Financial Review***

*(N.B. This policy was reviewed in November 2019 and requires a revision in the Bylaws at its next review.)*

Congregational financial records shall be reviewed at least every other year by a Financial Review Committee elected by the Congregation. If necessary, the

Financial Review Committee, with approval of the BoT, may engage an external auditor or CPA to provide support. The results of the financial review and/or audit shall be reported to the BoT 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
- General compliance with financial policy

## **Financial Reporting**

### ***Monthly Reports to the Board and Program Council***

The bookkeeper shall prepare a report for the VP Finance to present to the BoT monthly, including the following:

- Balance Sheet
- Income statement in the form of Budget to Actual report
- The bookkeeper shall prepare monthly financial reports as directed to the Program Council.

*Ad hoc* reports may also be requested.

### ***Permanent Endowment Fund Reports***

The Permanent Endowment Committee 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 status reports to donors as follows:

November 30 – Report to all pledgers for year-end tax planning

February 15 – Report to all donors for prior year tax filing

May 31 – Fiscal Year report to all pledgers on status of pledge

August 31 – Report to pledgers who have not completed prior fiscal year pledge

All reports will have current year pledge status (fiscal year) even if the report is for tax year.

### ***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, if requested. 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, VPF and Stewardship Committee may view individual pledge information.

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