

First Parish Brewster Unitarian Universalist Policy

Policy Title: Financial Controls Policy

Revisions: updated April 2023

Policy Number: 3.1

Board Review Date: 11/21/2019,
3/15/2022, 4/18/2023

Purpose: To define financial practices and procedures to be used by FPBUU to ensure finances are managed with accuracy, efficiency, and transparency.

Congregations' Review Period: 1/10/2020
to 2/10/2020

Effective Date: 4/18/2023

POLICY STATEMENT

FPBUU is committed to ensuring that: the administration of the financial resources of the organization conform to generally accepted accounting principles; assets are safeguarded; guidelines of grantors and donors are complied with; and finances are managed with accuracy, efficiency, and transparency.

PROCEDURES

Receiving money:

- The Treasurer or Administration and Finance Director (AFD) is authorized to receive any securities transferred in payment of pledges, oversee their sale, and transfer the funds to the operating account. A brokerage account at a local bank will be used for this purpose.
- All donations to FPBUU of cash or marketable securities will be accounted to a FPBUU fund, if stipulated by the donor. If the donor has not stipulated how the gift is to be processed, the AFD will contact the donor to determine their wishes. If the donor cannot be contacted (is deceased or otherwise unavailable) or has no preference, the gift will go to the Endowment Fund, if it is specified as a testamentary bequest, and, if not, to the Sustainability Fund. The AFD is authorized to liquidate non-monetary donations and add the proceeds to the designated fund. The Endowment Board is authorized to liquidate non-monetary donations and add the proceeds to the Endowment Fund.
- Funds collected as part of FPBUU events, including Sunday service collections, collections at special events, and rental fees, shall be handled as follows:
 - Ushers at Sunday services are responsible for sorting, counting and recording the cash collection, counting and recording the number of checks, and depositing the funds in cash and checks in the safe. The same procedure is to be followed by organizers of special events.
 - There will be two unrelated cash counters at every service or special event, with each verifying the other's count and initialing the form. Money counters will be rotated.
 - Counting and recording will be done behind a closed door.

- Rental fees should be deposited in the safe or placed with the Administration and Finance Director.
- Cash is kept in a safe until it is deposited. Any substantial amount of cash should be deposited as soon as possible, including use of a night depository as appropriate.
- If an event is organized to provide financial aid to an individual FPBUU member who has a special financial need, it must be approved by the Administration and Finance Director (in consultation with the Board of Trustees) and all money given directly to the individual and not included in FPBUU accounting. Checks received in a fundraiser for an individual FPBUU member must be made out to the beneficiary, not to FPBUU.

Managing money:

- FPBUU will maintain at least \$20,000 in its Sustainability Fund. The yearly budget process will include a review of the current value of the Sustainability Fund and a budget line-item included whenever the fund drops below \$20,000. The fund can also be increased through other means such as special appeals and directed donations.
- FPBUU will maintain the Capital Expense Fund to be used exclusively for property building projects. Money is added to this fund when it is allocated as part of an operating budget or Endowment Fund distribution or through directed donations. The Building Maintenance Committee (BMC) will manage distributions from the Fund, providing regular status reports to the Board of Trustees and Endowment Board.
- The following reports will be produced by the AFD, evaluated monthly at the Finance committee meeting, and distributed to the Board of Trustees:
 - Profit/loss, actual vs budget
 - Profit/loss, previous year comparison
 - Balance sheet, previous year comparison
- The Finance Committee is responsible for reviewing the monthly reports, monitoring the budget and providing early warning of budget issues like overspending or budget shortfalls to the Board of Trustees.
- The special funds report is produced and reviewed quarterly.
- A member of the Finance Committee, who does not have signing privileges, will be assigned to examine and approve the monthly bank reconciliations, which includes all debit card transactions. This review will be done as promptly as possible but at least within 2 months of the statement closing date.

Spending money:

- Clergy, staff, Board President, and committee chairs have sole authority to spend operating funds and are responsible for staying within their budgets. All others must obtain prior approval from the appropriate responsible person.
- As stated in our By-Laws, the Board of Trustees may vote to make adjustments to the annual budget as long as those changes are not in excess of five percent of the annual budget.
- Only the Treasurer, Board President and Board Clerk are authorized to sign checks against the operating fund and special fund. Only the Endowment Board Chair, Financial Secretary and Recording Secretary are authorized to sign checks against the Endowment Fund.

- Only the Bookkeeper and Administration and Finance Director have access to blank checks. This ensures that every check written has been reviewed by two people, the staff person who made out the check and the board member who signed it. Ministers have no access to checks, nor do they have signing authority. No staff member can be a check-signer.
- All disbursements are made by pre-numbered checks.
- Every check has written documentation attached to the check stub (check request/receipt/invoice) except for payroll checks. Payroll records should be maintained separately to be able to trace payments back to the records, without the records being readily available to members without the need to know.
- Blank checks are never to be signed in advance.
- Use of signature stamps is prohibited.
- Debit cards will be issued to only the following three staff members: Administration and Finance Director, Minister, and CYM Director. Daily limit of cash withdrawals is \$500 and point of sale transaction limit is \$2,500. Special events may require a short-term exception to these limitations. Debit cards may not be used for personal expenses.
- Any check or electronic transfer in excess of \$1,000 (with the exception of payroll checks or checks which are specifically provided for in the approved budget) requires the initials of the Board president, or in the absence of the president, those of the president elect, or the clerk.
- The signers of checks must not be the person authorizing the expense.
- Within approved budgets, any expenditure in excess of \$1,000 requires advanced notification of, and approval by, the Administration and Finance Director or the Treasurer.
- Any expenditure outside of or exceeding the operating budget must receive prior approval from the Board of Trustees. A procedure for approving emergency expenditures will be developed to avoid lengthy delays.
- Petty cash, up to \$100, is accessible only to the Bookkeeper and Administration and Finance Director. Amounts are withdrawn by the Administration and Finance Director, who provides receipts to the bookkeeper. The bookkeeper adjusts the books to reflect the cash used and replenishes petty cash as needed.
- A fixed amount of 5% of the annual budget should be committed to maintenance of the Meeting House and other campus buildings.
- Background checks are conducted on all employees prior to hiring. Background checks are conducted for all check signers prior to them starting a check signing role. Background checks are also conducted on Thrift Store Volunteers prior to beginning that role. Once conducted, background checks are not repeated for things like changing roles or remaining in a job for an extended time-period, unless a special circumstance warrants it.

GUIDELINES

No guidelines are recommended at this time.

STANDARDS

No standards are recommended at this time.

DEFINITIONS

Background Check – FPBUU uses Criminal Offender Record Information (CORI) checks as its background check. CORI checks are performed by the AFD and are free for non-profits.

Fiscal Year – The fiscal year for FPBUU is July 1 to June 30.

Donation – all contributions of cash, cash equivalent or personal property given to FPBUU. Common types of donations (defined next): Pledge, Offertory, Special Appeals, Fundraising, Thrift Store Donations, and Miscellaneous.

Pledge – a promise to fund a particular fiscal year budget. Pledge payments are all amounts given as a pledge. Pledge payments are not always equal to the initial pledge but are always considered part of pledge income.

Offertory – money given as part of a service.

Special Appeals – money given in response to a special appeal, typically to fund a particular FPBUU initiative like budget shortfalls, large capital projects, special community needs.

Fundraising – an event or program whose purpose is to raise funds either for FPBUU or another charitable organization that shares FPBUU values. Activities that raise funds for individuals are considered separate from typical fundraising.

Thrift Shop Donations – personal property received specifically for resale within the Thrift Store.

Miscellaneous – donations that are not identified as Pledge, Offertory, Special Appeals, Fundraising, or Thrift Shop Donations.