



First Parish Brewster Unitarian Universalist
opening hearts, growing souls and turning love into justice

Financial Review FY18-21

Presented by:



DISCLAIMER: This presentation contains Highly Confidential Information - Handle with Care



Rules Engagement:

Boardwalk Business Group was tasked to perform the following Functions related to the review of Fiscal Years - 2018 - 2021

- Review the financial records of FPBC in Quick Books Online
- Review the bank statements and mortgage statements of FPBC
- Review any other items that support items in the financial records (ex) Endowment Loan

Payable statements, Unearned Pledges (deferred revenue), etc.

- Review any reconciliations between the financial records and bank statements
- Review any listing of fixed assets and depreciation schedules.
- Provide recommendations on any financial practices/procedures FPBC may want to consider moving forward
- Provide a list of any journal entries that should be booked to the financial records



Observations and Recommendations:

Operating Account

Cash

- Cash Balance as of \$237,208 maintained and reconciled as of 06/30/21

Fixed Assets – Process has changed since the last review period in 2017

- Prior to 7 years ago, Capital Expenditures and the Depreciation of Fixed Assets were not recorded
- Shortly after that, and at the direction of a new treasurer, Capital Expenditures and Depreciation processes were put into place
- By FY20 All Fixed Assets were fully depreciated and FPB was no longer utilizing a Capital Expenditure/Fixed Asset process
- Large Purchases are now directly expensed through the Profit and Loss Statement or run through the Endowment Fund
- Since FPB is not considered a 501C3, a Capital Expenditure/Fixed Asset Process is not required



Observations and Recommendations: Operating Account

Fixed Assets – (Continued) – Benefits to utilizing a Capital Expenditure/Fixed Asset Process

- Improved Income - by capitalizing an expense over multiple years the impact of a large purchase won't adversely impact the Net Income in the year it is purchased
- Improved Balance Sheet Position - the capitalization of expenditures increases a company's asset balance without changing the company's liability balance
- GAAP Compliance - this is often required if financial statements are submitted to creditors, potential investment partners, or governmental agencies



Observations and Recommendations:

Operating Account

Other

- Negative Payroll Liability Account observed in FY21 - Unitarian Universalist Association Account - had (\$6K) balance as a result of moving to a new payroll system. This issue was resolved by the staff in FY22.
- Negative Balance in Pledge Income Account in FY18. This relates to classifying unearned pledges based on a specific year. This issue was resolved by the staff in FY19.
- The Mortgage Payable balance with Cape Cod Five Cents Savings Bank was \$75,106 as of 06/30/21 with monthly payment amounts of \$615.61 which includes principal and interest. The interest rate as of 6/30/21 is 3.45% as the result of First Parish Brewster wisely refinancing the loan in FY21.



Observations and Recommendations:

Endowment Fund

Endowment Loan Payable

- The Endowment Loan balance as of 06/30/21 was \$49,426 and will be paid off in FY22. The staff performs an annual reconciliation process that takes place at year end, 06/30/22, which informs the journal entry to clear the balance.

Special Fund Account

- The Special Fund is used to track restricted funds. Over time the activity within this account has been reduced due to having less restrictions on contributions.



Observations and Recommendations:

Other

- **Adjusting Entries** - When possible, the FPB Staff should attempt to make adjusting entries in the Fiscal Year that the adjustments relate to.
- **Accounts Payable** - The majority of payments are processed manually with check payments. There has been reluctance to utilize online payments via Cape Cod Five Cents Savings due to concerns over internal controls. FPB would benefit from utilizing online payments from an efficiency perspective while maintaining internal controls by having one staff member enter invoices for payments, while a 2nd staff member would have the ability to approve/pay the bill.

Conclusion — Outside of the Capital Expenditure item noted above, there are no material issues regarding the First Parish Brewster Financial Statements from FY18 – FY21. The team does an outstanding job of staying on top of their monthly reconciliations in a timely manner. Any reconciliations discrepancies that were observed were minor and adjusted in the following period. The reviewed documents illustrated the diligence with which the financials are maintained and reconciled.

