

# All Souls Church, Unitarian

## Financial Policies and Procedures

### Table of Contents

	<u>Page</u>
<b>A. Fiscal Year and Accounting System</b>	1
<b>B. Cash Management and Control</b>	1
1. Types of Accounts	1
2. Opening/Closing Accounts	1
3. Checking Accounts	1
4. Endowment Accounts	2
5. Deposits to Checking Accounts	4
6. Deposits to Investment Accounts	6
7. Cash Disbursements	7
8. Petty Cash Fund	7
9. Cash Advances	7
10. Authorization for Expenses other than Recurrent Expenses that Qualify for Auto-Payment	8
11. Account Reconciliations	10
<b>C. Borrowing Funds or Establishing Lines of Credit</b>	11
<b>D. Payroll System</b>	12
<b>E. Contracts and Agreements</b>	12
<b>F. Budget Process</b>	13
<b>G. Fundraising Activities</b>	13
<b>H. Financial Reporting and Board Oversight</b>	13
<b>I. Asset Safeguards and Physical Controls</b>	14
<b>J. Audit</b>	14
<b>K. Insurance</b>	15
<b>L. Investment Policy</b>	15
<b>M. Financial Policies and Procedures: Revisions and Dissemination</b>	15
<b><u>Attachments</u></b>	
Attachment A: ASC Listing of Financial Institutions	16
Attachment B: Plate Collections	19
Attachment C: Pledge Form	21
Attachment D: Transferring Stock to All Souls Church	22
Attachment E: Cash Advances	26
Attachment F: Credit Card Agreement Form	28
Attachment G: Expense Authorization Form	29
Attachment H: Budget Forms	30
Attachment I: Fundraising Projects: Information and Form	32
Attachment J: Transfer from Endowment Request Form	35
Attachment K: Audit Terms of Reference	36
Attachment L: Investment Committee Terms of Reference	37
Attachment M: Investment Policy	38



# All Soul's Church, Unitarian (ASC) Financial Policies and Procedures

## A. Fiscal Year and Accounting System

1. The church's fiscal year is January 1 – December 31.
2. The church conducts its accounting on a modified cash system.

## B. Income Management and Control (account information)

### 1. Types of Accounts

- a. The church will have three types of accounts: operational, endowment, and brokerage accounts.
- b. Separate checking accounts for the following will be maintained:
  - i. General church operations
  - ii. Restricted accounts as needed for special purposes

### 2. Opening/Closing Accounts

- a. The approval of the Board of Trustees is required to open or close bank or other financial accounts.
- b. General bank and other financial account information must be provided and kept current by the Executive Director on Attachment A. Copies of Attachment A must be given to the Treasurer and Board President annually.

### 3. Checking Accounts

#### a. General Operating Account Signatories.

- i. The incumbents in the following positions are authorized signatories for ASC general operating checking accounts:
  - a. Executive Directors
  - b. Board President
  - c. Board Vice Presidents
  - d. Treasurer
  - e. Assistant Treasurer
- ii. The treasurer will have Internet-view access to all general operating accounts.
- iii. The Executive Director is responsible for submitting all required information and documents to ensure that all signors listed above are authorized signors. Signature cards and other forms should be completed at the first meeting of the new board each year.

- iv. Checks of \$5000 or less may be signed by the Executive Director (or any other authorized signatory).
- v. Checks above \$5000 must be signed by the Board President, Vice Presidents, Treasurer, or Assistant Treasurer only.
- vi. Account signatories must not sign checks payable to themselves or for which they are the beneficiary.
- vii. The Executive Director will distribute a check register to the authorized signatories weekly and a register of auto-payments monthly.

**b. Non-Operating Account Signatories.**

- i. Incumbents in the following positions are authorized signatories for non-operating checking accounts (i.e, Beckner/Shively checking account, etc.):
  - a. Board President
  - b. Board Vice Presidents
  - c. Treasurer
  - d. Assistant Treasurer
- c. Auto-Payment (to be completed)

**4. Endowment Accounts**

**a. Definitions**

i. The *Investment Committee* is a standing committee of the Board of Trustees with responsibility for the Church's Endowment. This section applies the terms: *Endowment*, *Endowment Account*, *Endowment Fund*, and *Bequest* as defined in the Investment Committee's Terms of Reference.

**b. Transfers from the Endowment**

- i. Transfers from the Endowment shall obey the following basic sequence:
  - a. Written recommendation from the Investment Committee as to the amount of the transfer from an endowment account. (In particular, each year the Investment Committee will recommend, in writing, amounts that should be transferred from the Endowment Accounts to general operating accounts in the coming fiscal year.)
  - b. Formal vote of the Board of Trustees authorizing the transfer.

- c. Implementation of the transfer by the Executive Director and account signatories.
- ii. Each transfer request (Attachment J) must be reviewed and signed by both:
  - a. the Investment Committee Chair, and
  - b. one of the following authorized incumbents:
    - Board President
    - Board Vice Presidents
    - Treasurer

The transfer shall not be effected without both of these authorizing signatures.

iii. At all times, the Board and the Investment Committee will respect Endowment Fund restrictions when formulating a recommendation for a withdrawal allocated to a specific Endowment Fund. At its discretion, the Investment Committee may seek third-party professional advice.

iv. The Investment Committee may move funds among Endowment Accounts within the Endowment without approval of the Board of Trustees. (For example, funds may be transferred from TIFF to UUCEF as part of ordinary ongoing investment management.) However, the Investment Committee will notify the Board of Trustees. The transfer request form and signature requirements for such intra-Endowment transfers are the same as for transfers out of the Endowment, described in section 4.B.2 above.

v. The Executive Director is responsible for submitting all required information and documents to ensure that all signors listed in section 4.B.2 are recognized as authorized signors by the relevant financial institutions. In particular, signature cards and related forms should be prepared in advance, and completed at the first meeting of the new Board each year.

### **c. Transfers to the Endowment**

- i. Any revenue additions to an Endowment Account are immediately subject to all the rules on Endowment withdrawals given in section 4.B.
- ii. Without exception, Bequests shall be added to the Endowment in order that they will be subject to the rules on Endowment withdrawals. In particular,

Bequests shall be transferred to the Endowment in their entirety. No portion of a Bequest may be expended before it has passed into the Endowment. Once included in the Endowment, a new Bequest shall be treated as any other Endowment funds. No special Board approval is required before adding a Bequest to the Endowment.

iii. Adding non-bequest funds to the Endowment requires a vote by the Board of Trustees, authorizing the addition of funds. The Board, at its discretion, may seek a recommendation from the Investment Committee before adding to the Endowment.

iv. The Investment Committee shall allocate new Endowment funds among the Endowment Accounts. Among other things, the Investment Committee will consider bequest restrictions, portfolio diversification, and investment manager performance when making the allocation decision. The Investment Committee shall report its decision to the Board.

#### **d. Distribution of Endowment Account Information**

i. Incumbents in the following positions are authorized to receive Endowment Account information:

- Board of Trustees President
- Board of Trustees Vice Presidents
- Treasurer
- Investment Committee Chair
- Executive Director
- ASC accountant, as designated by Executive Director

ii. The Executive Director is responsible for ensuring that the individuals in positions listed above have access to Endowment Account information.

#### **5. Deposits to Checking Accounts:**

- a. Money from church service collections, fundraising events, or other church activities will be verified and/or counted, entered into the accounting system, and deposited into the appropriate bank account by authorized church staff within five business days of the collection.
- b. The Executive Director will identify staff who are authorized to make deposits into checking accounts. All persons making deposits will be bonded as required in section K. Collections:

- i. Church Service Collections
  - a. Money collected at church services will be initially tallied by counting teams that consist of at least two individuals.
  - b. The process for counting Sunday collections and preparing the deposit is detailed in the current counting checklist (Attachment B).
  - c. The church staff will verify count, and notify the Assistant Treasurer of any discrepancies in the count. The Assistant Treasurer will note the change on his/her copy of the deposit summary form; the staff will note changes on the original deposit summary sheets.
  - d. At least monthly, the Assistant Treasurer or Treasurer will verify Sunday collections deposited into the general operating account either by viewing a hard copy of the monthly bank statement or accessing account information on-line.
  - e. The Treasurer, Assistant Treasurer and/or staff will bring any significant discrepancies to the board's attention.
  - f. The Executive Director will retain a copy of all deposit summary forms for at least five years.
  - g. As stated in 5(a), Sunday collections will be deposited within five business days of collection.
- ii. Other Revenues Collected for Deposit:
  - a. Revenues collected from fundraising events, programs, or other church related activities should be tallied by counting teams that consist of at least two people and placed inside an envelope.
  - b. The envelope must clearly state:
    - 1) the committee, group, church program, etc. that is to be credited for this revenue,
    - 2) the date the money was submitted for deposit, and the amount of the deposit.
    - 3) name of persons tallying and name of persons making deposit.





- vii. The Executive Director will draft an acknowledgement letter to member/donor with appreciation for the gift, including details of the stock transfer and sales price.
- viii. Additional instructions and forms needed for stock transfer are located in Attachment D.

## **7. Cash Disbursements**

- a. Cash is not to be removed from plate collection or other funds (including receipts for lunch, scrip, and book sales) for the cashing of checks, cash advances, or any other purpose
- b. Cash disbursements may be made only using the petty cash procedures detailed in the section below.

## **8. Petty Cash Fund**

- a. The Petty Cash Fund is used either to reimburse an individual who made authorized purchases out of personal funds or to advance cash to make an authorized purchase for an approved budget category.
- b. A petty cash fund of five hundred dollars (\$500) will be maintained at the Church.
- c. Petty Cash Fund disbursements are limited to \$75 per transaction. For amounts in excess of \$75, the procedure for receiving a reimbursement or cash advance must be followed.
- d. The Executive Director will determine the ASC staff person who will serve as the custodian responsible for maintaining the petty cash account.
- e. A receipt for each expense paid out of petty cash must be submitted and the receipts are totaled when replacement funds are requested.
- f. The total of the receipts (cash disbursed from petty cash) and cash remaining must equal \$500 at all times.

## **9. Cash Advances**

- a. A church committee, program, or individual must show a need for an advance to meet certain expenses that cannot be handled through established petty cash funds or check requests. In certain circumstances, the Church recognizes that employees or members may need cash advances (e.g. purchases of food items for lunch, employee travel, etc.).
- b. Cash advances can only be made to ASC staff or ASC members.

- c. Cash advances may not exceed \$500.
- d. An individual will be allowed to have only one (1) outstanding cash advances.
- e. Cash advances greater than \$75 will be issued as checks only; they will not be disbursed as cash or via direct deposit. If the amount is less than \$75, the petty cash procedures detailed in section above must be followed.
- f. Requests for cash advances must be on the Cash Advance Form (Attachment E) and must be approved by the Executive Director.
  - i. The first section of the Cash Advance Form must be completed when the cash advance is requested.
  - ii. The second section of the Cash Advance Form must be completed once the advance has been used and supporting receipts are submitted.
  - iii. Individuals may not authorize cash advances to themselves.
- g. For ASC employees, IRS regulations require that all employee expense advances must be settled “within a reasonable period of time.” Per the IRS, this reasonable period of time means 60 days after the expenses were paid or incurred. If an employee does not submit the accounting for the advance and related expenses, and does not return any excess cash within 120 days of the advance, the Church is required to report the total cash advance as taxable income on the employee’s Form W-2.
- h. Until reconciled, cash advances are initially charged to the Prepaid Expenses account. Once actual expenses are known, the appropriate budget accounts are charged accordingly.

**10. Authorization for Expenses other than Recurrent Expenses that Qualify for Auto-Payment**

**a. Expense Authorization for Budgeted Expenses that do not exceed Authorized Budget Amount:**

- i. Expense Authorization Forms (Attachment G) are used to receive reimbursement or authorization for an expense.
- ii. To receive expense reimbursement or authorization the following procedures must be followed before a check will be issued:
  - a. Receipts or other documentation that support the expenses must be attached to the Expense

Authorization Form, and the Form must be signed by the Executive Director.

- b. Expense Authorization Forms that request payments more than \$5000 require the signatures of:
  - 1) The committee chair, group leader, or staff person responsible for a budget line item (if applicable) and
  - 2) the Executive Director and
  - 3) the Treasurer, Assistant Treasurer, or Board President, or Vice-Presidents.
- c. Unauthorized expenses may become the responsibility of the individual who incurred the expense.
- d. Reimbursements, other than Professional Expenses, must be submitted within 30 days of expense being incurred. Expense reimbursements not submitted in a timely manner may become the responsibility of the individual who incurred the expense.
- e. Reimbursements for Professional Expenses must be submitted at least quarterly.

**b. Expense Authorization for Unbudgeted Expenses or for Expenses that will exceed Budgeted Amounts:**

- i. For unbudgeted expenses or for expenses that will exceed authorized budget amounts for a particular broad line item, the Executive Team (The Senior Minister, Associate Minister, and Executive Director) will review and consider one or more of the following:
  - a. Detailed written explanation of the purpose of the proposed project justifying its congruence with All Souls' Mission and Ends Statements.
  - b. Detail of revenue (when applicable) and expenses covering the breadth of the project as well as a proposed timeline in which both will be realized.
  - c. Oral presentation to the Executive Team to include a cost/benefit analysis of the project and the justification for launching a project in the absence of budgeted funds.

- d. Designation of a project leader who holds accountability for proposed outcomes and communication with the Executive Team as necessary.
- ii. Approvals for unbudgeted expenses or for expenses that will exceed authorized budget amounts for a particular broad line item will be as follows:
  - a. The Executive Team may approve and authorize expenses of, up to an aggregate of \$50,000 in each fiscal year.
  - b. In addition to approval by the Executive Team, prior approval must also be received from the Board of Trustees for unbudgeted expenses exceeding \$50,000 in the aggregate for each fiscal year
- iii. In an emergency situation (e.g. boiler needs immediate repair) where funding in excess of the aggregate of \$50,000 are unbudgeted or must be reallocated, the Executive Team can get initial approval from the Board President (or designee) to proceed and does not have to wait until the next board meeting for approval. A full discussion of the reallocated or unbudgeted expense must, however, be presented at the next board meeting for Board of Trustee review.

**c. Travel Expenses and Reimbursement**

Staff are reimbursed for travel and related expenses while on approved church business. The church’s mileage rates are consistent with the Federal Government guidelines. All travel expenses for which staff request payment must be validated by a receipt which is attached to the appropriate expense form.

**d. Approvals - General**

Individuals must not approve Expense Authorization Forms payable to themselves.

**11. Account Reconciliations**

- a. The operating checking accounts and investment accounts must be reconciled by the 20<sup>th</sup> day of each month for the previous month (i.e., April’s bank reconciliation must be completed by May 20<sup>th</sup>). Reconciliation must be approved by a person not involved in check writing or deposits and

must be done by the last day of the following month (in the example, approval by the end of May).

- b. The person approving the reconciliation must inform the Executive Director and Treasurer of any unusual adjustments or reconciling items found in the bank reconciliations.

### **C. Borrowing Funds or Establishing Lines of Credit**

- 1. All borrowing of funds, establishment or increases of all credit lines (including credit cards) greater than \$10,000 must be approved by the Board of Trustees before execution.

#### **2. Credit Cards**

- a. Credit cards will be issued to ASC staff only with approval of the Executive Director.
- b. The maximum line of credit allowed on a single ASC credit card is \$5,000, with an aggregate church account limit of \$40,000 unless otherwise approved by the Board of Trustees.
- c. Credit cards will be used only for business purposes. They should be used only for budgeted items unless otherwise approved by the Executive Director. Personal purchases of any type are not allowed.
- d. The following purchases are not allowable purchases on credit cards
  - i. Items or services on term contracts
  - ii. Maintenance agreements
  - iii. Personal items or loans
  - iv. Gift or cash cards unless approved in advance by the Executive Director
  - v. Any other items deemed inconsistent with the Church's values
- e. Cash advances on credit cards are *not* allowed.
- f. Cardholders will be required to sign an agreement indicating they accept these terms. Individuals who do not adhere to these policies and procedures may have their credit card privileges revoked by the Executive Director or Treasurer (Attachment F).
- g. The Executive Director will ensure that a credit card application is submitted for ASC cardholders.
- h. Detailed receipts must be retained and attached to the monthly credit card statements along with an explanation of the charges. Monthly statements must be reviewed by

the Executive Director prior to payment. If statements are not submitted in a timely basis, the cardholder will be responsible for any late fees or finance charges.

- i. Cardholders should make every effort to ensure that purchases do not include sales tax.
- j. Individuals on the ASC Executive Team may not approve credit card applications for themselves.

#### **D. Payroll System**

1. Payroll will be processed bi-weekly.
2. The Executive Director may select the company that will process payroll. Staff must inform the Board of Trustees which company is processing payroll and promptly notify the Board of Trustees and Treasurer if changing to another payroll company.
3. The payroll company must be bonded.
4. The Executive Director is responsible for ensuring that all payroll taxes have been paid when due.
5. Once a month, the church Treasurer will review all payroll reports.
6. Hourly workers must submit a time sheet for payment. The time sheet must be approved by the Executive Director.
7. Independent contractors must submit an invoice that details the dates of service, description of service, number of hours, hourly rate, and the total amount requested for payment.
8. All individuals who receive payment from ASC for employment (salaried, hourly, or independent contractor) will be issued the appropriate tax documents as prescribed by law.

#### **E. Contracts and Grants Agreements**

1. The execution of contracts and grants must be within the scope of the church's mission, goals, and annual plans.
2. Contracts may be negotiated by ASC staff or members. However, only incumbents in the following positions may execute contracts or grant agreements on behalf of All Souls Church:
  - a. Senior Minister
  - b. Associate Minister
  - c. Executive Director
3. Contracts less than \$25,000 may be approved and signed by any member of the Executive Team.

4. All contracts in the amount of \$25,000 or more require approval of the Board of Trustees before being signed by designated individuals listed in section 2 above.

#### **F. Budget Process**

1. The Executive Director and Treasurer will provide training on the budget process to committee, group, and event leaders at least annually.
2. A preliminary draft budget will be reviewed by the Board of Trustees at the October meeting.
3. Prior to the November board meeting, the Executive Team and the Treasurer will hold at least one budget hearing to give the congregation an opportunity to review the following year's proposed budget and provide input.
4. Prior to the Congregational Annual Meeting, the Board of Trustees will review the final budget draft.
5. The final budget will be approved by ASC members at the Congregational Annual Meeting held in December.
6. Budget forms are shown in Attachment H.

#### **G. Fundraising Activities**

1. To ensure that new fund raising proposals are consistent with the mission of the Church and do not compete with one another, all fund raising plans should be cleared through the Executive Director or Executive Team.
2. The fund raising activity must have an approved budget that includes anticipated gross revenues, expenses, and net proceeds.
3. Attachment I shows the form to be used and instructions. The Executive Director and Executive Team will make every effort to consider each request carefully and will report requests for significant fundraising activities to the Board of Trustees.
4. Recurring fundraising events and activities (those that have already been approved in prior years) should use the process outlined in the budget section above.

#### **H. Financial Reporting and Board Oversight**

1. The Board of Trustees may request financial information at any time. At a minimum the following reports/information shall be made available to the Treasurer monthly:
  - a. Transaction Detail by Account
  - b. General Ledger (deposits and withdrawals)
  - c. Year-to-date Profit and Loss statement compared to budget.

- d. Balance sheet
  - e. Statement of Cash flows
  - f. Year-to-date gross pledges and pledge payments
- 2. The Treasurer will review and discuss above information with Executive Director and present any issues or concerns to the Board of Trustees.
- 3. The Executive Director will ensure that Treasurer and Board President will have electronic access to the Church's financial accounting system.
- 4. In addition to the financial information listed in H1 above, at least monthly, the Treasurer will review checking account statements (either hard copies or electronically) and payroll information.

#### **I. Asset Safeguards and Physical Controls**

- 1. Incumbents in the following positions are authorized access to the ASC safe:
  - a. Executive Director
  - b. Board President
  - c. Board Vice Presidents
  - d. Treasurer
  - e. Assistant Treasurer
  - f. Senior Minister
  - g. Associate Minister
  - h. The Executive Team may authorize other individuals or positions to have access to the safe, however, the Board of Trustees must be informed of these additional authorizations.
- 2. The Executive Director will change the safe combination at least annually and notify authorized individuals of the new combination.
- 3. The Executive Director will ensure that all financial and donor data are secured and backed up, and at least one back-up copy is kept in a secure, off-site location.
- 4. The Executive Director will ensure that All Souls complies with PCI-DSS with respect to income from payment (credit and debit) cards.
- 5. Employees and church members who handle cash are bonded in the amount of \$30,000 per loss.

#### **J. Audit**

- 1. An audit shall be conducted on all ASC accounts every three years. An annual financial review shall be conducted if required with respect to any bank loan for the duration of the loan.
- 2. The Audit Committee shall recommend to the Board of Trustees the firm that will conduct the audit and any required annual reviews.



The Board of Trustees will contract with the firm for the audit and any required annual reviews.

3. The audit and financial review results shall be reported to the Audit Committee, Board of Trustees, Treasurer and Assistant Treasurer, and ASC executive team.
4. A summary of audit and financial review results will be posted on the ASC website after Board of Trustee approval.

#### **K. Insurance**

1. The church will maintain the following insurance coverage:
  - a. Comprehensive liability and casualty insurance
  - b. Workers' compensation Insurance
  - c. Automobile insurance
  - d. Directors and Officers insurance
  - e. Other types of insurance as deemed necessary by the Executive Team
2. The Board of Trustees will be informed about insurance limits and coverage amounts at least annually.

#### **L. Investment Policy**

1. The Investment Committee will recommend an investment policy to the Board of Trustees for approval.
2. The current Investment Policy for ASC is included as Attachment M.

#### **M. Financial Policies and Procedures: Revisions and Dissemination**

1. Any changes or modifications to the ASC Financial Policies and Procedures must be approved by the Board of Trustees.
2. The Executive Director, Treasurer, and Audit Committee are responsible for revising and updating the document as required.
3. The Executive Director will ensure that these procedures and policies are posted on the Church's website.

## **Attachment A: ASC Listing of Financial Institutions**

1. List the financial institutions where ASC checking account(s) are located with contact information (do not list account numbers on this form):

Financial Institution	Contact Person	Phone Number

2. List all investment accounts for ASC along with contact information:

Financial Institution/Investment Account	Contact Person	Phone Number

This information is to be kept on file by the Executive Director and a copy must also be given to the Treasurer and Board Chair.

## **Attachment B: Plate Collections**



ASCCountingInstructions -December 2011.doc



Deposit Form.doc

## **Attachment C: Pledge Form**



2013-Pledge-Card.pdf

## **Attachment D: Transferring Stock to All Souls Church**



Stock donation form.docx



Stock Transfer Instructions.doc

## **Attachment E: Cash Advances**



Cash advance procedures and form.

## **Attachment F: Credit Card Agreement Form**



credit cardholder agreement.doc

## **Attachment G: Expense Authorization Form**



ASC Expense Authorization Form.pdf

## **Attachment H: Budget Forms**



Budget Process & Calendar\_FY20131.doc



FY 2013 ASC Budget Request form - blank.doc

ASC Financial Policies  
Originally Approved by BOT: November 2006  
Revised: May 2014/Revisions approved by BOT: \_\_\_\_\_

## **Attachment I: Fundraising Projects: Information and Form**



Fundraising Projects  
Information and Form

## **Attachment J: Transfer from Endowment Request Form**



Transfer from  
Endowment Request I

## **Attachment K: Audit Committee Terms of Reference**



Final Audit  
Committee Terms of F

## **Attachment M: ASC Investment Policy and Investment Committee TOR**



ASC\_InvestmentCom  
mittee\_InvestmentPol



ASC\_InvestmentCom  
mittee\_TermsOfRefer