

FINANCIAL POLICY AND PROCEDURES

I. Authorizations

Following is a brief description of the financial duties for each position as they pertain to these financial procedures. Background checks are performed on all staff and volunteers who handle the deposit or are authorized to make transactions on UUCA's financial accounts.

Bookkeeper – maintains and reports on financial transactions in Quickbooks. They record deposits, credit card charges, EFTs and checks in QuickBooks; processes payroll through QuickBooks; prepares online payments for invoices and submits transfers between bank/investment accounts. See job description for more detail.

Director of Administration (aka Administrator) - the authorized signer for all non-program accounts, including but not limited to payroll, administrative supplies and buildings and grounds. The **Administrator** also reviews the weekly deposit report and compares it to the actual deposit, reviews and approves all vouchers/invoices, signs checks, completes online banking transactions, authorizes account transfers, and takes the deposits to the banks. The **Administrator** is the online banking administrator for the church and reviews drafts of all financial reports. In the **Administrator's** absence, the **Board Chair** and **Executive** are authorized to perform any of the **Administrator's** financial duties.

Database Coordinator – 1) maintains the financial commitment records including corrections to individual contributions and payments, 2) prepares the weekly cash and Vanco deposits and records individual donations/payments in Realm, the church database, 3) prepares and sends quarterly contribution reminders to donors and end-of-year contribution statements, 4) maintains automatic and online contributions through the church website and Vanco.

Executive - an authorized signer on all financial accounts and is authorized to perform any of the **Administrator's** financial duties in their absence.

Board Chair - an authorized signer on the primary checking account and may be authorized by the **Administrator** or **Executive** to perform any of their financial duties in their absence.

Finance Advisory Committee (FAC) Members

- Meet at least quarterly and review drafts of all financial reports.
- Conduct a mini-review of accounting procedure compliance at least two times a year using the UUCA financial review checklist, ensuring in part that the financial procedures are followed.
- Ensure that monies spent from any restricted fund meet the criteria of the restriction via the monthly reports and the periodic mini-review.
- Advise the Executive on general financial matters.
- Review annually existing and proposed financial policies and procedures.

- Review annual budget developed by the **Administrator** and recommend it to the Executive for presentation to the Board, which presents it to the Congregation for a final vote at the Annual Meeting.

The average time commitment of an FAC member is 3 hours per month.

Account Signatory – the person(s) authorized to sign for expenses and transfers from a particular expense account. The signatory may be a staff member or a volunteer. When an authorized signatory is unavailable, the **Administrator** can authorize expenditures from their account with written (email) approval from the authorized signatory.

II. Cash Receipts

A. Collection

Cash and checks from the Sunday offering plate are collected and counted by at least 2 unrelated **volunteer ushers or greeters**. The volunteers must both sign off on a count sheet that states the dollar amount of coins and the numbers of each type of bill, checks, and sealed envelopes collected. Cash and checks from other congregational events are counted and submitted by **event volunteers or staff** with documentation containing event/collection description, contact name, total amount and account number. Cash, checks and the count sheet for each event are put in a locked safe for which only the **Administrator**, the **Database Coordinator**, and the **Bookkeeper** have the combination.

Checks that arrive through the mail or by other means are deposited in the safe upon receipt and included in the weekly deposit. Significant gifts and bequests are handled in accordance with the **UCA Gift Acceptance and Management Policy**.

B. Recording

The **Database Coordinator** 1) counts the cash and checks received since the last deposit and records them by individual in our Realm database, and prepares an internal report of income by individual and the Realm deposit report with the dollar amounts of cash and checks; 2) scans all checks and back-up paperwork and submits an electronic report to the **Bookkeeper** who reviews the Realm income report and records the total amounts by fund and account in QuickBooks; 3) prepares the cash deposit each week.

C. Deposit

The **Administrator** reviews the cash deposit and signs off on the electronic Realm deposit report and supporting documents. The **Administrator** takes the deposit to the bank.

D. Auto Debits and Credit Card Donations

Congregants can set up an automated monthly debit of their annual commitment from their bank accounts for direct deposit into the Congregation's checking account. They need to set this up online themselves (either using the Donate button on our website or in their Realm record in Giving).

Vanco is the vendor that handles all automatic debits. Once the transactions are set up, Vanco initiates them on the schedule indicated and deposits go directly to the First Bank checking account. Congregants may also donate by credit card online through Vanco. The fee charged to UUCA is higher than a debit, and therefore Congregants are given the option of also selecting "Donate to offset credit card fee" to pay that fee (3%) themselves.

The **Database Coordinator** records the individual donations in our database, Realm, and the **Bookkeeper** records the fund totals in Quickbooks on a weekly basis. The **Bookkeeper** reconciles the monthly Vanco contribution reports to the First Bank checking account.

E. Payroll

Payroll is distributed on the last business day of each month. Salaried employees are paid 1/12 of their salary each month. Hourly employees submit timesheets to their **Supervisor** for review and approval. All approved timesheets are then submitted to the **Bookkeeper**, who enters payroll into QuickBooks. The **Administrator** reviews and approves the payroll worksheet. The **Bookkeeper** then prints the payroll checks or submits them for direct deposit (employee's choice). QuickBooks electronically debits the direct deposit funds from the First Bank checking account for payroll, related payroll taxes, and processing fees. Any printed checks are signed by the **Administrator**. The **Bookkeeper** submits payment for the monthly payroll taxes.

Payroll expenses are budgeted for the fiscal year, and the **Finance Advisory Committee** monitors monthly actual vs. budget financial reports from the **Bookkeeper**. The **Administrator** serves as the Human Resources Coordinator, and in that capacity troubleshoots any payroll issues that arise. Monthly payroll reports and payroll tax records are **reviewed by FAC volunteers** as a part of the twice-yearly mini-review of accounting procedure compliance.

F. Capital Expenditures

To be considered a Capital Expense, the expenditure must be at least \$1,000:

- a) AND spent for an asset with a lifespan of at least one year, OR
- b) spent to increase the value of, or to extend the life of, an existing asset by at least one year.

The cost of a fixed asset is its purchase price, including costs attributable to bringing and installing the asset to its needed location and for its intended use.

Although **Executive Limitation IV.D.2** requires a budget that separates capital and operational items, there is currently no capital budget. Capital expenditures are charged to Capital Fund 05 as needed up to the cash balance of that fund, unless they occur as part of a special project financed from a different fund. At the end of the year, purchased/renovated assets are transferred to Fund 05 as fixed assets and subsequently depreciated.

Typically, the **Administrator** initiates all such purchases, following the procedures outlined above for cash disbursements or credit card purchases. Per **Executive Limitation IV.G** of the UUCA Governance Document, Board approval must be obtained for any contract of more than \$25,000. The Board must be informed with sufficient prior notice of any plan or decision to solicit or terminate a grant or contract that will have a significant impact on programs. The **Administrator** shall seek bids or make cost comparisons, as appropriate, in all cases involving expenditures in excess of \$2,500. The **Administrator** shall administer a grant or contract in a businesslike manner that will avoid the appearance of favoritism or nepotism.

III. Cash Disbursements

A. Submission of Expense Vouchers and Invoices

Staff and congregational volunteers submit vouchers or receipts/invoices for payment of church expenses. Documentation supporting the purchase are to be included with the voucher. The voucher/receipt must be signed by **the person submitting the expense** and approved by the **authorized signer** for the expense account to be debited. If the receipt or invoice is submitted via e-mail, the e-mail must include the following information:

- Name of Vendor
- Amount of Purchase
- Description of Purchase
- Account Number and Description
- Authorized Signer's signature

The e-mail request must be sent by the authorized signer to the **Bookkeeper**. Back-up documentation should be scanned and attached to the e-mail or given to the **Bookkeeper** by the weekly deadline.

For documentation of professional expenses, refer to **Appendix A. Procedures for Claiming Professional Expenses**.

B. Credit Cards

We hold two credit card accounts. We have a Visa card issued by First Bank's card company, Elan. This card is held in the church safe and can be used by staff or volunteers for church purchases with the permission of the **Administrator**. Use of this card is subject to the same requirements as the use of our other credit card, a Visa card issued by BB&T.

Staff members who are currently authorized to hold BB&T credit cards are:

Executive/Lead Minister
Minister of Faith Development
Lifespan Religious Education Coordinator
Administrator

Additional staff members may be authorized for credit card use as appropriate, authorization coming from their supervisor and **Administrator** on the basis of proven necessity for performing their staff duties.

BB&T credit cards are issued, each bearing the name of the person authorized to use it. Staff members are allowed and encouraged to keep their assigned credit cards with them as appropriate. Use of assigned card is prohibited by other than the authorized cardholder. The First Bank (Elan), Home Depot, and Lowes credit cards are issued to the church and may be checked out by staff members and volunteers only with approval from the **Administrator**. We also hold a credit account at Ace Hardware which can be accessed by staff or volunteers designated by the **Administrator**.

Each credit card has a credit limit that cannot be exceeded without prior approval in any one month. Credit limits may be changed each fiscal year, or on the basis of proven necessity. Credit limit changes must be approved by the **Executive** and **Administrator**, and then executed by the **Bookkeeper**.

UUCA-issued credit cards **MAY ONLY** be used for church related/approved purposes. If purchases are made using the church credit card for purposes other than church-related, the staff member is required to repay UUCA immediately upon discovery. Repeated non-church-related purchases by any staff member may result in forfeiture of the card.

At any time staff anticipates exceeding their approved credit limit in a single month (e.g., purchase of Coming of Age housing), the **Executive** must approve the anticipated overage one month in advance, and the staff member must communicate that approval to the **Administrator** to make necessary arrangements with the bank. Further, these will be “one time” approvals, each instance requiring approval. The card limit reverts to the original limit the following month.

Cardholders **MUST** receive, retain and provide to the **Bookkeeper** physical or electronic receipts for ALL purchases made on their card. Each receipt submission must include the following:

- Name of Vendor
- Amount of Purchase
- Description of Purchase
- Account Number and Description
- Authorized Signer’s signature

Appropriate receipts and vouchers are to be submitted as charges are incurred, however, no later than 5 business days after receipt of the credit card statement. If the cardholder does not have a receipt for a charge, they must document the above information via email. Special arrangements for turning in receipts and statements may be negotiated for staff on extended absence. For

documentation of professional expenses, refer to Appendix A: ***Procedures for Claiming Professional Expenses.***

Failure to submit receipts by the established deadline will result in that expense being charged to the negligent cardholder's or their supervisor's professional expense account. In certain circumstances, it may result in cancellation of card for that individual.

Upon separation/termination of employment, individual credit cards must be returned to the **Administrator** for cancellation. The total of any non-church-related charges will be deducted from final pay if not reimbursed. UUCA will use any and all means for collecting final, outstanding expenditures that do not follow established guidelines, or are incurred after the final date of employment.

Loss or compromise of any card must be reported immediately to VISA, and then to the **Bookkeeper**.

C. Approval of Expenses

The **Bookkeeper** reviews vouchers, receipts, invoices, and reconciled credit card statements on a weekly basis, checking the account number(s), the expense(s) for reasonableness (including whether the expense is within the budget), the calculations on the voucher, and making corrections. The **Administrator** approves the vouchers/receipts/invoices by signing them electronically or returns them for more documentation or correction. The **Administrator** approves professional expenses for the Minister of Faith Development and the Music Director, the Executive approves the professional expenses for the **Administrator**, and the chair of the **Finance Advisory Committee** approves the professional expenses for the Lead Minister.

D. Payment of Expenses

After approval, the **Bookkeeper** prepares checks through QuickBooks or sets up payments via online banking. The **Administrator** then either reviews and signs the checks and initials the check stub or electronically approves online payments and saves a pdf of the online payment confirmations. In the event that the **Administrator** is the payee, an authorized signature other than the **Administrator** is required. Any nonrecurring payment of \$5,000 or greater requires two authorized approvals of the request. Any payment of \$250 or greater in cash also requires two authorized signatures on the request.

IV. Transfers

A. Transfers between Funds

Transfers of amounts between funds that do not require actual transfer of moneys between different bank/investment accounts are submitted in writing by the signatories for the accounts involved and recorded by the **Bookkeeper**.

B. Transfers of Moneys between Bank/Investment Accounts

The congregation has one main checking account. The **Bookkeeper** prepares transfers into the checking account from the various money market accounts periodically to maintain a positive balance, which the **Administrator** must approve. Any nonrecurring transfer of \$25,000 or greater requires two authorized approvals of the request. The Memorial Garden (Fund 500), Sabbatical Fund (Fund 430), Fund for the Future (Fund 800), and Endowment (Fund 900) all have moneys in separate bank or investment accounts as a matter of law or per Executive Limitation IV.F, in the case of the Endowment Fund and Fund for the Future. In the summer of 2013, the Board authorized a quarterly draw of 1.25% (5% a year) of the value of the Endowment Fund and Fund for the Future for the purpose of supporting operating expenses.

UUCA will open multiple money market accounts at different financial institutions to ensure that the individual balances in each stay below \$250,000, the maximum which the FDIC/NCUA will insure per depositor per bank. The amount in each does not directly correspond with a Fund total, except as noted in the first paragraph. Fund totals are carefully tracked and reported to the **Finance Advisory Committee** and **Administrator** via financial reports prepared by the **Bookkeeper**.

V. Financial Records and Reporting

A. Financial Income and Expense Records

Financial income and expense records and documentation are stored electronically on the UUCA server, which is backed up online every 24 hours. Payroll records are maintained in Quickbooks and stored electronically on the UUCA server. Quickbooks is backed up after every use. Donation records are maintained and stored online through Realm Technologies database management system.

B. Donation Statements

At the end of the third quarter, all households behind on their financial commitments receive a statement in the mail. Households without email are always mailed a printed statement. Donors that have given stock receive an acknowledgement letter at the time the stock is received by UUCA stating the average value of the stock on the date received by the church. Significant gifts are acknowledged based on the **UUCA Gift Acceptance and Management Policy**.

Before February 15, all households that have donated a total of \$100 or more are notified that they can access their end of year tax statement in Realm. Those without email are mailed a contribution statement for tax filing purposes. Date of contribution is determined by the date the contribution was made online, the date that a mailed letter is postmarked, or the date a staff person received the contribution in hand (staff person should note date received on donation).

C. Rental Contracts

The Congregation receives income from rental of facilities for meetings, weddings and other events, with fee schedule and other details set out in the **Facilities Rental Policy**. The **Administrator** negotiates and prepares all contracts associated with the rental of the facilities. The **Database Coordinator** holds all executed contracts, tracks receipt of payment for all contracts, and records rental income by renter in Realm. The **Bookkeeper** records rental income by account in Quickbooks.

D. Reconciliations

Reconciliations are prepared monthly by the **Bookkeeper** for all bank, investment and credit card accounts. The **Administrator** spot-checks the credit card reconciliations, a member of the **Finance Advisory Committee** reviews bank account reconciliations, and the **Finance Advisory Committee** samples both of them as part of the **Mini-review of Accounting Procedure Compliance**.

E. Quarterly Financial Reporting

The **Bookkeeper** prepares a quarterly financial report that includes an actual vs. budget report for the Operating Fund and a detailed and consolidated Statement of Financial Position for all Funds, on which the **Administrator** and **Finance Advisory Committee** review and comment. The annotated financial report is posted on the Board's Google Drive and a digital copy is filed in the office. An exception is the June End of Year financial report, which is submitted in August. All financial reports are available for review upon request by members of the Congregation.

F. Reporting on Executive Limitations

Monitoring reports on the Executive Limitations are submitted to the Board throughout the year, according to the Board schedule established in the Governance Document. The limitations dealing with financial matters include:

- C. Financial Condition and Activities
- D. Financial Planning and Budgeting
- E. Asset Protection
- F. Planned Giving
- G. Execution of Contracts
- H. Communications to Board and Congregation

The **Bookkeeper** and/or the **Administrator** normally assists the **Executive** on at least a portion of each of these reports.

VI. Annual Budget

The budget development process is as follows:

1. The Congregation agrees on Mission.
2. The Board, with congregational input, creates Ends Statements in support of the Mission.
3. Ends Statements and Executive Limitations guide the **Executive** and senior staff (Minister of Faith Development, **Administrator**) on direction for programs and tasks. (**Executive** and staff set their own priorities.)
4. Senior staff, in collaboration with other staff members and committee volunteers (who have essential roles in this process), determine what programs and tasks will be most effective in moving the congregation towards the Ends Statements guided by the Executive Limitations.
5. Budget requests are initiated by the **Administrator** in early February, asking for a conservative budget for the upcoming year and a wish list of “dream” items. Additionally, in each submitted staff/committee budget, the submitter will be asked to reflect on the program’s role in the life of the congregation and how the work serves to move the congregation towards the Ends Statements.
6. In mid-March the submitted budget figures are compiled by the **Administrator** for review by the senior staff, focusing on what programs will provide the most benefit for the congregation in the coming year, using the Executive Limitations as a guide. The **Administrator** develops next year’s budget and a 5-year budget, which incorporates projected income, expense increases and “dream” items as money permits.
7. In late March (waiting as long as possible for Annual Budget Drive results), the senior staff reviews the balanced budget and communicates this version to their committees, especially if changes from the budget request are made. This budget is also reviewed by the **Finance Advisory Committee**.
8. At the April board meeting, the **Executive** presents the draft proposed budget to the Board of Trustees for its approval for distribution to the congregation.
9. Between the April and May board meetings, the **Administrator** prepares a slide presentation that is posted online, communicated to the congregation and presented at a budget town hall meeting for all congregants who are interested in the budget details. The **Executive** or their designee presents the budget and takes questions and comments from congregants.
10. If the town hall meeting suggests that the proposed budget warrants it, senior staff members again review the budget. Again communication should flow from senior staff members to their respective staff members and committees and back again as needed. Whether the senior staff changes the budget or not, the **Finance Advisory Committee** reviews it again.
11. This proposed budget then goes to the Board for final approval in May for the annual meeting held in early June.

Revision History	
Responsible Staff Member: Director of Administration	
Date	Description of revision
February 2016	Update to new format
June 2017	Removed references to Bookkeeping Assistant; changed Financial Accounts Manager to Bookkeeper; changed ACS to Realm; removed all singular personal pronoun references; changed frequency of reporting to Board from monthly to “at least quarterly.”
December 2018	Reviewed and updated various sentences to better match what is happening. Changed fund numbers to match new chart of accounts. Deleted section in Appendix A related to entertainment expenses (because we never have them).
January 2021	Reviewed and updated to correct a few typos and clarify reconciliation procedures and expense account approvals. Changed capital expense definition from \$500 to \$1,000.
January 2022	Removed requirement for 2 signatures on checks over \$5,000.

Appendix A
Procedures for Claiming Professional Expenses
January 2019

We use an “Accountable Plan” to administer professional expenses. This is a specific way to handle expenses that is approved by the IRS. If a nonprofit has a properly executed accountable plan in place, it need not report qualifying reimbursed expenses as earnings on the employees' W-2 forms. Thus, the employees won't be taxed on the reimbursed amounts.

Timeliness of Reimbursement

In order to be accountable, reimbursements must be made within 60 days of the time an expense is incurred. If this requirement is not met, the reimbursement will need to be included in the employee's earnings on their W-2 form.

Accounting for Professional Items

When submitting a receipt for professional dues, books, educational events, etc., please note the “business purpose” of the expense if it is not obvious.

Accounting for Meal or Travel-related Expenses

The IRS requires that the employer keep the following records for business expenses that are reimbursed:

- 1) The amount of the expense and the date
- 2) The place of the travel, meal or transportation
- 3) The business purpose of the expense
- 4) The business relationship of the people entertained or fed.

Credit card statements may be used to provide key elements of documentation, such as the place and date of the expense, and employees must supplement the statement with documentation of other elements, which can be provided on a standard expense reporting form or via e-mail. Smartphone apps like Shoboxed allow you to take a photo of your receipt, answer all the right questions and produce a report that you can submit for reimbursement.

When employees are away from home on business, a per diem rate can be used. Instead of claiming and documenting individual expenses, the IRS has set standard per-day amounts that taxpayers may use in lieu of actual amounts spent for meal expenses incurred while away from home on business travel. U.S. rates are available in IRS Publication 1542, Per Diem Rates, which also includes the IRS per-day amounts for combined meal and lodging expenses. We use the Maximum Federal Per Diem Rates which are published by the General Services Administration (GSA) and are location-specific.

More Information about Reimbursable Meals

Any food and beverage expenses that are directly related or associated with the active conduct of a trade or business are allowed to be deducted as business meal expenses to the extent that they are not lavish and extravagant. These include:

- Recreational expenses primarily for employees who are not highly compensated, such as the business holiday party or the company picnic
- Office snacks provided to employees at the office
- Meal expenses (or goods, services, and facilities) made available to the public, usually for advertising and promotional purposes

Accounting for Mileage

For each trip, you need to supply the following information if you want to be reimbursed:

Date
Destination
Business Purpose
Start Time
Odometer Reading Start*
Odometer Reading Stop*
Miles this Trip

You should keep a notebook in your car. Or get an app for your phone, even easier. There are already at least a dozen out there, just search on *mileage tracker*, *trip log*, *business expense tracker app*, etc. Shoeboxed handles this as well.

*In lieu of odometer readings, you may submit a map from Google Maps or equivalent, which shows the start and end address, the route and the total mileage. Please note that if you are audited by the IRS, they will want to review your odometer reading records.