

# **First Unitarian Society of Minneapolis (FUS)**

## **Financial Policies and Procedures**

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### 1. **Fiscal Year and Accounting System**

1. The Society's fiscal year is July 1 to June 30.
2. Accounting will be based on a modified cash system.
3. All transactions will be recorded in accounting software.
4. Only the Finance Director and Treasurer shall have permission to enter or edit transactions in the accounting system.
5. The Finance Director, members of the Executive Committee, the Finance Committee Chair and the Senior Minister shall have permission to create accounting reports.

### 2. **Income / Expense Management and Controls**

#### 1. **Types of Accounts**

1. FUS will have three types of internal accounts within the financial system: operational, restricted, and designated.
2. FUS will manage two basic accounts with financial institutions, a checking account and an investment account.
3. Although specific fund balances will be strictly tracked and managed, the funds may be commingled between these banking accounts for operational needs.

#### 2. **Opening or Closing of Accounts**

1. The approval of the Board of Trustees is required to open or close banking or credit card accounts.
2. Authorized users of credit card accounts will be managed jointly by the Finance Director and the Treasurer.
3. General bank and other financial account information must be provided and maintained by the Finance Director.

#### 3. **Account Signatories and Authorization Limits**

1. The incumbents in the following Board of Trustees positions are authorized signatories for FUS checking accounts and are referred to collectively as the Executive Committee:
  - Board President
  - Board Vice-President
  - Board Secretary
  - Board Treasurer
2. The Finance Director will have viewing and transfer access to all financial accounts, but no signing authority.
3. The Finance Director is responsible for submitting all required information and documents to ensure that all signers listed above are authorized signers. Signature cards and required forms should be completed at the first meeting of the newly-elected Board each year.
4. Checks of less than \$500 may be signed by any one authorized signer. Checks of \$500 or more must be signed by two authorized signers.
5. Account signers must not sign checks payable to themselves or for which they are a beneficiary.
6. The same person may not both approve an invoice and sign the check for it.

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### 4. **Deposits to Checking Accounts**

1. Money from society collections, fundraising events, or other activities will be verified and counted, recorded in the accounting system, and deposited into the appropriate bank account by authorized FUS staff within five business days of the collection.

### 5. **Society Money Collections**

1. Cash and checks collected at FUS events should be initially tallied by two unrelated individuals when the cash amount exceeds \$500 to the extent practicable. Collections of less than \$500 may be counted and submitted by one person. These monies shall be placed inside a Cash Receipts Envelope and then in the office safe.

2. The process for counting Sunday collections and preparing the deposit shall follow a counting checklist.

3. The Finance Director will verify count, and notify the Treasurer of any discrepancies in the count. The Treasurer will note the change on the deposit summary form; the staff will note changes on the original deposit summary sheets.

4. The Cash Receipts Envelope must clearly state: the committee, group, FUS program, etc. that is to be credited for this revenue, the date the money was submitted for deposit, and the amount of the deposit, and name of persons tallying and name of persons making deposit.

5. The Finance Director will retain a copy of all bank cash deposit summary forms for at least one year.

6. At least monthly, the 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.

7. The Treasurer or staff will bring any significant discrepancies to the board's attention.

### 6. **Pledge Payments**

1. Pledge payments may be made via cash, check, direct account debit, the transfer of securities, or credit card.

2. Pledges paid by cash should be placed in an envelope which clearly states the individual's name, amount enclosed, and that this amount is to be credited toward the amount pledged.

3. If "Pledge" is not written on the check memo line, the full amount will be applied to the individual's pledge, except when a special appeal is made and announced from the pulpit.

### 7. **Security Transfer Procedures**

1. The Finance Director is responsible for informing people who wish to donate securities of the procedure for doing so.

2. Upon notification of a security transfer, the Finance Director will take steps to sell the securities immediately unless otherwise authorized by the Treasurer.

3. The Finance Director will confirm with the brokerage account the number of shares and total sale price of the security donation, and will record the proceeds in the accounting system.

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4. Transfer proceeds that are restricted must follow the donor's instructions and guidelines regardless of amount, although final authority to accept or reject any donation rests with the Board of Trustees.
5. The Finance Director will draft an acknowledgement letter to the donor(s) with appreciation for the gift, including details of the security transfer and sales price within 30 days of the transfer.

### 8. **Investment Policy and Major Bequests**

1. The Foundation of the First Unitarian Society is a separately managed body whose sole fiduciary responsibility is to the Society.
2. Any investments of the Society intended for long-term management or endowment philosophy will be turned over to the Foundation for management under that Investment Policy.
3. Any bequest received by the Society that is designated for the Foundation, or from the estate of a "Friend of the Foundation" (a member who has expressed a written letter of intent to the Foundation), will be deposited into the Foundation accounts, unless specific instructions are received otherwise.
4. Any other bequest received by the Society will be handled in accordance with any instructions received from the donor, or in the absence of any instructions, as determined by the Board of Trustees on a case by case basis.

### 9. **Cash Disbursements and Petty Cash Management**

1. Cash is not to be removed from plate collection or other funds (including receipts for lunch, and book sales) for the cashing of checks, cash advances, or any other purpose.
2. Cash disbursements may be made only using the petty cash procedures detailed in the section below.
3. 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.
4. A petty cash fund of one hundred dollars (\$100) will be maintained at the FUS office.
5. 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.
6. The Finance Director will serve as the custodian responsible for maintaining the petty cash account.
7. A receipt for each expense paid out of petty cash must be submitted and the receipts are totaled when replacement funds are requested.
8. The total of the receipts (cash disbursed from petty cash) and cash remaining must equal \$100 at all times.

### 10. **Cash Advances**

1. A 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 Society recognizes that employees or members may need cash advances (e.g. purchases of food items for lunch, employee travel, etc.).

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2. Cash advances can only be made to FUS staff or FUS members.
3. Cash advances may not exceed \$500.
4. An individual will be allowed to have only one (1) outstanding cash advance.
5. Cash advances greater than \$50 will be issued as checks only; they will not be disbursed as cash or via direct deposit. If the amount is less than \$50, the petty cash procedures detailed in section above must be followed.
6. Requests for cash advances must be on a Cash Advance Form or substantially equivalent document and must be approved by the Finance Director.
7. The first section of the Cash Advance Form must be completed when the cash advance is requested.
8. The second section of the Cash Advance Form must be completed once the advance has been used and supporting receipts are submitted.
9. Individuals may not authorize cash advances to themselves.
10. For FUS 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, FUS is required to report the total cash advance as taxable income on the employee's Form W-2.
11. Until reconciled, cash advances are initially charged to the Prepaid Expenses account. Once actual expenses are known, the appropriate budget accounts are charged accordingly.

### 11. **Expense Authorizations**

1. Check Request / Expense Authorization Forms are used to receive reimbursement or authorization for an expense.
2. To receive expense reimbursement or authorization the following procedures must be followed before a check will be issued:
3. Receipts or other documentation that support the expenses must be attached to the Expense Authorization Form, and the Form must be signed by the Finance Director.
4. Expense Authorization Forms that request payments more than \$500 require the two signatures: 1) The committee chair, group leader, or staff person responsible for a budget line item (if applicable) and: 2) the Finance Director, and the Treasurer, or Board President, or Senior Minister.
5. Unauthorized expenses may become the responsibility of the individual who incurred the expense.
6. Reimbursements, other than Professional Expenses, should 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.
7. Reimbursements for Professional Expenses must be submitted at least quarterly.
8. Individuals may not approve Expense Authorization Forms payable to themselves unless less than \$500 and for a properly budgeted expense.
9. In the event of a contribution to an external non-profit organization (for example, from the Service Auction), proof of tax-exempt status shall be obtained in advance of fund disbursement.

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10. Each month the Finance Director shall prepare a list of automatic payments that were made and thus not subject to signed authorization. The list shall be included in the monthly financial report for Board review.

11. When physical goods are delivered to the Society, an authorized person should review for accuracy and initial the bill of goods to the extent practicable.

### 12. **Travel Expenses and Reimbursement**

1. Staff are reimbursed for travel and related expenses while on approved FUS business. Reimbursement for mileage will be in accord with the current IRS guidelines. All travel expenses for which staff request payment must be validated by receipts attached to the appropriate expense form.

### 13. **Credit Cards**

1. Credit cards will be issued to FUS staff only with approval of the Finance Director and the Treasurer.

2. The maximum line of credit allowed on a single FUS credit card is \$1,000, with an aggregate account limit of \$5,000 unless otherwise approved by the Board of Trustees.

3. Credit cards will be used only for business purposes. They should be used only for budgeted items unless otherwise approved by the Finance Director. Personal purchases of any type are not allowed.

4. The following purchases are not allowable purchases on credit cards

- Items or services on term contracts (where payments are required to be made in this manner, they shall be charged to the FUS Debit card)
- Maintenance agreements
- Personal items or loans
- Gift or cash cards unless approved by the Finance Director
- Any other items deemed inconsistent with the Society's values
- Cash advances on credit cards are not allowed.

5. 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 Senior Minister or Treasurer.

6. The Finance Director will ensure that a credit card application is submitted for FUS cardholders.

7. 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 Finance 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.

8. Cardholders should make every effort to ensure that purchases do not include sales tax.

### 14. **Payroll System**

1. Payroll will be processed semi-monthly, generally on the 15<sup>th</sup> and last day of the calendar month.

2. The Finance 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.

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3. The payroll company must be bonded.
4. The Finance Director is responsible for ensuring that all payroll taxes have been paid when due.
5. Once a month, the Treasurer will review all payroll reports.
6. Hourly workers must submit a time sheet for payment to their supervisor. The time sheet must be approved by the Finance 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 FUS for employment (salaried, hourly, or independent contractor) will be issued the appropriate tax documents as prescribed by law.

### 15. **Contracts and Grant Agreements**

1. Contracts and grants executed pursuant to these policies must be within the scope of FUS's mission, goals, and annual plans.
2. Only incumbents in the following positions may execute contracts or grant agreements on behalf of FUS: Senior Minister, Board President, Board Treasurer, Facilities Director.
3. Contracts or grants less than \$5,000 may be approved by any member of the Executive Committee before being signed by designated individuals listed in 2.15.2 above.
4. All contracts or grants in the amount of \$5,000 or more require approval of the Board of Trustees before being signed by designated individuals listed in 2.15.2 above.
5. Copies of all contracts and automatic payment agreements shall be kept 1) in printed form in a common file drawer and 2) in an electronic folder available to Officers of the Board, members of the Finance Committee, the Senior Minister, the Facilities Director, and other staff authorized by the Senior Minister.

### 16. **Fundraising Activities**

1. To ensure that new fund raising proposals are consistent with the mission of FUS and do not compete with one another, all fund raising plans should be cleared through the Senior Minister or Executive Team.
2. The fund raising activity must have an approved budget that includes anticipated gross revenues, expenses, and net proceeds.
3. The Finance 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.

### 17. **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:
  - General Ledger (deposits and withdrawals) with Transaction Detail
  - Year-to-date Profit and Loss statement compared to budget.

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- Balance sheet
- Ledger of all checks issued
- Year-to-date gross pledges and pledge payments

2. All members of the Board of Trustees and of the Finance Committee shall receive a monthly financial report including at least the operating budget status, balance sheet, and designated fund status.

3. The Treasurer will review and discuss above information with Finance Director and the Finance Committee and present any issues or concerns to the Board of Trustees.

4. The Finance Director will ensure that Treasurer and Board President will have electronic access to the financial accounting system. Additionally, all banking and brokerage statements shall be available for review by the Finance Committee Chair at any time.

5. In addition to the financial information listed above, at least monthly, the Treasurer will review checking account statements (either hard copies or electronically) and payroll information.

6. Enforcement of this Policies and Procedure Manual shall be the responsibility of the Board of Trustees and the Senior Minister.

### 18. **Audit**

1. An audit shall be conducted on all FUS accounts every year by an independent team from the Finance Committee of the Board. The Audit Committee shall report to the Board of Trustees their recommendations and findings.

2. When approved by the Board, the Audit report shall be included with official Minutes in both print and electronic form.

3. The annual audit shall include a review of contracts.

### 19. **Insurance**

1. FUS will maintain the following insurance coverage:

- Comprehensive liability and casualty insurance
- Workers' compensation Insurance
- Automobile insurance
- Directors and Officers insurance
- 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 by the Treasurer.

### 20. **Budget Preparation**

1. The Senior Minister will provide information on budget preparation to his/her staff annually. Staff members will solicit input from leaders of committees, groups, or events for which they are responsible and provide that input to the Senior Minister who will develop a draft budget.

2. A preliminary draft budget will be reviewed by the Board of Trustees at the March meeting.

3. Prior to the April 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.

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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 FUS members at the Congregational Annual Meeting held in May.