



First Unitarian Society
of Minneapolis

Financial Policies and Procedures

January 11, 2024

TABLE OF CONTENTS

I.	FISCAL YEAR AND ACCOUNTING SYSTEM	1
II.	INCOME / EXPENSE MANAGEMENT AND CONTROLS	1
A.	Types of Accounts	1
B.	Opening or Closing of Accounts	1
C.	Account Signatories and Authorization Limits	1
D.	Deposits to Checking Accounts	1
E.	Society Money Collections.....	2
F.	Pledge Payments.....	2
G.	Security Transfer Procedures	2
H.	Investment Policy and Major Bequests	2
I.	Cash Disbursements and Petty Cash Management	3
J.	Cash Advances.....	3
K.	Reimbursement and Payment Requests	3
L.	Travel Expenses and Reimbursement	4
M.	Minister’s Discretionary Account	4
N.	Credit Cards.....	5
O.	Payroll System.....	5
P.	Contracts and Grant Agreements.....	5
Q.	Fundraising Activities.....	6
R.	Financial Reporting and Board Oversight	6
S.	Audit	7
T.	Insurance	7
U.	Budget Preparation	7

I. Fiscal Year and Accounting System

1. First Unitarian 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 Manager and Treasurer shall have permission to enter or edit transactions in the accounting system unless explicit exceptions are made by the Treasurer.
5. The Finance Manager, Treasurer, Finance Committee Chair and the Senior Minister shall have permission to create accounting reports.

II. Income / Expense Management and Controls

A. Types of Accounts

1. First Unitarian Society will maintain both checking accounts and an investment account.
2. Although specific fund balances will be strictly tracked and managed, the funds may be commingled between accounts for operational needs.

B. 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 Manager and the Treasurer.
3. General bank and other financial account information must be provided and maintained by the Finance Manager.

C. Account Signatories and Authorization Limits

1. The incumbents in the following Board of Trustees positions are authorized signatories for our checking accounts and are referred to collectively as the Executive Committee:
 - Board President
 - Board Vice-President
 - Board Secretary
 - Board Treasurer
2. The Finance Manager will have viewing and transfer access to all financial accounts, but no signing authority.
3. The Finance Manager 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.

D. Deposits to Checking Accounts

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

E. Society Money Collections

1. Cash and checks collected at our 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 Manager 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, 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 Manager 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.

F. Pledge Payments

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

G. Security Transfer Procedures

1. The Finance Manager 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 Manager will take steps to sell the securities immediately unless otherwise authorized by the Treasurer.
3. The Finance Manager 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.
4. Donors of securities will be credited for tax purposes with their market value on the day received. The accounting system, however, will record the actual sale value as revenue; discrepancies between the initial market value and sale value will be booked as a change in the value of the investment.
5. 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.
6. The Finance Manager 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.

H. 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 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.

3. 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.

I. 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. Petty cash 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 two hundred dollars (\$200) will be maintained in the safe at the office.
5. Petty cash disbursements shall be limited to \$75 per transaction. For all disbursements except for in-house cash box operations, the procedure for receiving a reimbursement or cash advance must be followed.
6. The Finance Manager 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 always equal \$200.

J. 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.).
2. Cash advances can only be made to staff or 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 Manager.
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 advance payments to themselves.
10. For employees, IRS regulations require that all employee expense advances must be settled "within a reasonable period of time." Per the IRS, this period is 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, First Unitarian Society 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.

K. Reimbursement and Payment Requests

1. A "Reimbursement or Payment Request" must be used to receive reimbursement or to authorize payment for an expense.

2. Receipts or other supporting documentation, including a sufficient explanation of their purpose, must be attached to the request.
3. Requests of \$500 or more require two signatures: 1) The committee chair, group leader, or staff person responsible for the budget line item (if applicable); and 2) the Finance Manager, Treasurer, Board President, or Senior Minister.
4. For requests of less than \$500, the Treasurer is to provide the Finance Manager with a written list of persons/positions have spending authority for the various budget lines.
5. Unauthorized expenses may become the responsibility of the individual who incurred the expense.
6. Requests for reimbursements other than professional expenses should be submitted within 30 days of the expense being incurred. Requests not submitted in a timely manner may become the responsibility of the individual who incurred the expense.
7. Reimbursement requests for professional expenses must be submitted at least quarterly. Credit card late fees will not be reimbursed. Professional expenses that exceed the annual budget line will be charged against the responsible person's compensation.
8. Individuals may not approve requests payable to themselves unless the amount is less than \$500 and is for a budgeted expense.
9. In the event of a contribution to an external non-profit organization (for example, from the Action), proof of tax-exempt status shall be obtained and attached to the expenditure request. If this is not practical, the person signing the request should state on the request form that verification has occurred.
10. The Treasurer and Finance Manager shall maintain a list of payees for whom automatic payments are authorized without individual approvals. They shall share this list with the Board at its August meeting.
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.

L. Travel Expenses and Reimbursement

1. Staff are reimbursed for travel and related expenses while on approved First Unitarian Society 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.

M. Minister's Discretionary Account

1. The Minister's Discretionary Fund is a liability account on our balance sheet that the minister can draw upon to provide confidential assistance to those facing emergency financial need, for congregational or community programs in need of seed money, or for other tax-exempt purposes stated in board policy.
2. The Fund shall not run a deficit. In the event of a negative balance, the Executive Committee and Minister shall negotiate a solution not limited to fundraising or diversion of budgeted funds.
3. Contributions to the fund may be made by individuals or by allocations by the board or from the operating budget.
4. To allow contributions to be tax-deductible, no contribution may be designated for the benefit of a particular recipient.
5. No distribution may be made to the minister or to any member of their family at any time.
6. Distributions to employees must be paid through payroll so that payroll taxes and reporting are correctly calculated and reported. Distributions to independent contractors, including their subcontractors, must be tracked for potential tax reporting via W-9 and 1099-NEC (nonemployee compensation).
7. Distribution of cash and gift cards must be tracked via a log including the date, amount, and purpose.
8. Distributions of \$500 or more require the advance written approval of the Treasurer.
9. Receipts must be turned in to the Finance Manager no later than 14 days after the charge has been incurred.

10. The minister should provide an annual report to the board with all amounts paid out by the fund, listing dates and purposes of the payments (but not the names of recipients).
11. The Treasurer should periodically review the canceled checks and receipts to confirm adherence to the written policy and will keep confidentiality around any details.
12. Records should be kept in a secure location at the Society.

N. Company Credit Cards

1. Company credit cards will be issued to staff only with the approval of the Treasurer.
2. The aggregate account limit for shall be not more than \$15,000, with limits for individual cards to be determined by the Treasurer.
3. Credit cards will be used only for business purposes. Personal purchases of any type are not allowed.
4. Cash advances on credit cards are not allowed. 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.
5. The Finance Manager will ensure that a credit card application is submitted for cardholders.
6. Detailed receipts must be retained and promptly turned in to the Finance Manager along with an explanation of the charges within 14 days of incurring the charge.
7. Cardholders should make every effort to ensure that purchases do not include sales tax.
8. Anyone using a company credit card shall submit a Credit Card Usage form at the time of each purchase showing who used the card, who was paid, and the date, amount, purpose, and account to be charged.

O. Payroll System

1. A signed employment agreement is required before a new employee can be put into the payroll system and get paid.
2. All employee compensation must be made by direct deposit from the payroll system.
3. Payroll will be processed semi-monthly, so that direct deposits go out on or before the 15th and last day of each month.
4. The Finance Manager 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.
5. The payroll company must be bonded.
6. The Finance Manager is responsible for ensuring that all payroll taxes are paid when due.
7. Once a month, the Treasurer will review all payroll reports.
8. Hourly workers must submit a time sheet for payment to their supervisor. The time sheet must be approved by the Finance Manager.
9. All employees ~~and independent contractors~~ will be issued the appropriate tax documents as prescribed by law.

P. Contracts and Grant Agreements

1. Contracts and grants executed pursuant to these policies must be within the scope of our mission, goals, and annual plans.
2. Only incumbents in the following positions may execute contracts or grant agreements on behalf of First Unitarian Society: 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 those listed 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 those listed above.
5. Copies of all contracts 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. Reviews of major contracts and vendor relationships will be conducted on a rolling basis, as determined by the Senior Minister and the Facilities Director with all contracts to be reviewed every 3 years.
6. Independent contractors must have a written contract with us before beginning work. For short-term contractors like guest musicians, this can be as simple as a contractor payment request form submitted by the Music Director. For long term contractors, a more formal contract is required.
7. Independent contractors operating as a sole proprietor or single-member Limited Liability Company (LLC) must submit a signed W-9 with their social security number or tax ID before beginning work.
8. All independent contractors will be issued the appropriate tax documents as prescribed by law.
9. All independent contractors must submit an invoice that details the dates of service, description of service, number of hours as appropriate, hourly rate as appropriate, and the total amount requested for payment.
10. Independent contractors may be paid by check or direct deposit via the payroll or accounting system.

Q. Fundraising Activities

1. To ensure that new fundraising proposals are consistent with our mission and do not compete with one another, all fundraising plans should be approved by the Senior Minister or Board Executive Committee.
2. The fundraising activity must have an approved budget that includes anticipated gross revenues, expenses, and net proceeds.
3. The Finance Manager and Board Executive Committee 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.

R. 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 Statement of Activity (the nonprofit version of a Profit and Loss statement) compared to budget.
 - Statement of Financial Position (the nonprofit version of a Balance Sheet)
 - Ledger of all issued checks
 - 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 and statement of financial position (balance sheet).
3. The Treasurer will review and discuss the above information with the Finance Manager and the Finance Committee and present any issues or concerns to the Board of Trustees.
4. The Finance Manager will ensure that the Treasurer and others authorized by the Treasurer 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.

S. Audit

1. An audit shall be conducted on all our 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.
 6. The audit will evaluate transactions based on these guidelines:
 - Approval of the expenditure by an appropriate person(s)
 - Sufficiency of description of the purpose of expenses
 - Availability of supporting documentation
 - Signature(s) on the check by the appropriate person(s)
 - Timeliness of invoice payment

T. Insurance

1. First Unitarian Society 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.

U. Budget Preparation

1. The Budget Team will consist of the Senior Minister, Treasurer, Finance Committee Chair and Stewardship Committee Chair. The team will prepare a budget proposal for the next fiscal year in time for the March meeting of the Trustees.
2. Budget requests will be solicited from staff and others with budgetary authority as specified under Reimbursement and Payment Requests above, but the Budget Team is expected to propose a final expense budget of no more than the anticipated revenues unless directed otherwise by the Board of Trustees.
3. A preliminary draft budget will be reviewed by the Board of Trustees at the March meeting.
4. Prior to the April board meeting, the Budget Team will hold at least one budget forum to give the congregation an opportunity to review the following year's proposed budget and provide input.
5. Prior to the Congregational Annual Meeting, the Board of Trustees will review the final budget draft.
6. The final budget will be approved by our members at the Congregational Annual Meeting held in May.