

UNITARIAN UNIVERSALIST SOCIETY OF GENEVA

FINANCIAL POLICIES

Approved by the Board of Directors on January 14, 2014

Updated by Board of Directors on October 9, 2018

Updated by Board of Directors on October 8, 2019

1. Roles and Responsibilities of the Finance Team

Finance Team

- Define and implement financial policies and detailed procedures for handling cash receipts, disbursements, use of credit cards, and authority for contracts
- Lead the preparation of the annual budget
- Manage the investment of operating and endowment funds
- Manage authorizations of financial activities (expenditures, loans, indebtedness, etc.)
- Recommend and implement financial policies for risk management and insurance, authorization of grants, acceptance of gifts, restricted gifts, and execution of contracts
- Review and update financial policies and procedures
- Monitor actual financial results vs. budget
- Recommend endowment investment policy and implement Board investment direction
- Oversee periodic audit or financial review and report audit results to the Board
- Review insurance coverage annually
- Monitor the implementation of accounting policies and the effectiveness of internal controls over financial reporting
- Review the effectiveness of the systems for monitoring compliance with laws and regulations

Treasurer

- Represent the Finance Team to the Board. Facilitate Board/Finance Team communication
- Review financial reports and policies with Board monthly
- Report to congregation periodically via newsletter and/or informational meetings
- Serve as a Finance Team member

Chair of the Finance Team

- Review ministers' monthly report of professional expenses account
- Review monthly reports of office expenditures
- Prepare team report for annual report

Assistant Treasurer

- Organize and monitor the collection; record and report weekly contributions
- Recruit and schedule counters for weekly offering
- Reconcile bank statements to UUSG accounts
- Serve as a Finance Team member

Congregational Administrator

- Keep the church accounts in QuickBooks
- Receive and collect invoices
- Prepare payroll
- Prepare checks for payment
- Prepare state and federal tax statements and withholding statements
- Produce year-end W-2, 1099, and other tax statements as needed
- Produce monthly financial reports
- Produce bi-annual pledge statements
- Produce annual statements of total contributions for tax purposes

Board of Directors

- While not formally part of the Finance Team, the Board is the ultimate fiduciary of all of UUSG's assets, meaning that it is ultimately responsible for safeguarding those assets and ensuring that they are used in the best interests of the congregation.
- The Board has ultimate authority to authorize expenditures and establish financial policies and procedures.
- The Board may modify, suspend, or revoke policies and procedures previously established by the Board or Finance Team at any time as necessary to carry out its fiduciary responsibilities to the congregation.

2. Financial Planning and Budgeting Policy

A proposed budget will be presented to the congregation at the annual meeting each May. To facilitate the preparation of this budget for consideration by the congregation, the Finance Team shall provide to the Board a draft budget and multi-year cash flow proposal by a date specified by the Board, typically in early April. The draft budget will also be circulated to the leaders of each committee to allow for their feedback prior to final approval. Furthermore, the Chief of Staff and the Personnel Committee shall be notified in writing by the Financial Committee of any proposed changes involving personnel. The Board shall allow the Chief of Staff and the Personnel Committee no less than 30 days' time to review the proposal, to consult with ministry teams potentially impacted by proposed changes, and to submit their own recommendations for Board consideration.

After the Board provides input on the draft budget, the Finance Team will provide a revised proposed budget for approval by the Board at a special meeting on or about the third or fourth Tuesday in April.

The Board requests that the revised budget proposal be circulated to the Board and committee chairs no later than one week prior to the special budget meeting so that it may be reviewed prior to approval.

3. Cash Handling and Disbursements Policy

The Board and Finance Team are to insure that UUSG's cash is safeguarded and properly accounted for.

Accordingly, the Finance Team shall:

- Ensure separation of duties for cash receipts, cash disbursements, accounting, check signing, bank access, and reconciliation of bank statements.
- Ensure that there is a bill, invoice, statement, or written request for reimbursement for every check drawn.
- Ensure that bills, invoices, and statements are available for comparison with the canceled checks to support regular financial reviews and audits.
- Ensure that monthly expenses are managed to be consistent with the categories established in the church budget.
- Each committee has a specific budget allotted to it. The decision to spend money is the committee's and it is the responsibility of the committee to meet its goals within its budget. If the committee has a question as to whether a specific expenditure is within the committee budget, the committee chair should talk to the Treasurer.
- Committee expenditures should be approved by the chair of the committee or their designee.
- Ensure that expenditures beyond the budget are brought to the Board for authorization.
- Ensure that an authorized list of check signers, to include the Treasurer and Assistant Treasurer, will be decided and maintained by the Finance Team. The list will have enough signers so that church business can go on if the Treasurer is unavailable. All individuals authorized to sign checks must be voting members of UUSG and familiar with all policies and procedures established by the Board and the Finance Team.
- Develop written procedures, consistent with best practices, to be followed by any staff or volunteers who are tasked with handling cash.
- Develop appropriate policies and procedures for issuance and use of UUSG credit cards to staff members. Periodically review and update the written procedures for handling cash to ensure that they remain current, are consistent with best practices, are published, and are readily available to all staff and volunteers. Ensure that these procedures are communicated to all committees and event coordinators, and to any applicable staff members.
- Provide training and support to volunteers tasked with carrying out the procedures.

- Monitor compliance with the published cash-handling procedures and take appropriate steps to remedy noncompliance, including providing further education and reminders regarding the procedures, and alerting church leadership as appropriate if the procedures are not followed.

No UUSG funds will be disbursed unless the expenditure is approved as provided by applicable Board policies and there is a bill, invoice, employee time record, statement, or written request for reimbursement for every check drawn.

With the exception of cash disbursements from the “Make a Difference Fund” made in accordance with the procedures specified by the MAD Committee, all disbursements will be made by check or authorized UUSG credit card.

Two signatures are required on all checks over \$5,000.

People may not sign checks to themselves.

Checks may not be made out to “cash.”

All members of the Finance Committee, as well as all counters, shall pass a background check in order to be eligible to serve.

4. Reporting Contributions and Record-Keeping Policy

The Finance Team is responsible to UUSG to ensure that donations to UUSG are properly recognized and accounted for.

Accordingly, the Finance Team shall:

- Provide persons who pledge a report of their pledge payments at least twice a year, with the name and phone number of the person to call if there is a discrepancy.
- Provide all persons who donate money to UUSG an end-of-year tax statement of their contributions (excluding any payments for goods or services).

5. Safe-Guarding Assets, Investments, and Management of Operating and Endowment Funds Policy

The Board and Finance Team will safeguard the assets of UUSG and shall not allow the assets to be unprotected, inadequately maintained, or unnecessarily risked.

Accordingly, the Board and Finance Team shall:

- Not allow volunteers access to material amounts of funds without prior training and without having established fiscal controls. “Material,” for the purposes of this

policy, means an amount to be defined by the Finance Team, not to exceed \$1,000.

- Recommend an asset allocation for UUSG funds and implement as approved by the Board.
- Invest cash in secure instruments, including insured checking accounts, bonds, and/or certificates of deposit.
- Maintain sufficient operating cash reserves equal to a minimum of three months of the operations budget.
- Invest funds in investment vehicles designated as socially responsible investments. The Finance Team may, at its discretion and without specific Board approval, select those socially responsible investment vehicles that appropriately balance risk, return, and liquidity. This policy may result in the investment of UUSG funds in a manner that will yield only modest traditional income. The Finance Team will report the selection of investment vehicles and account balances to the Board as part of routine financial reporting.

6. Authorizations of Financial Activities Policy

- The Board must authorize all expenditures of UUSG funds, either directly by vote of the Board or through authority formally delegated by the Board through the budgeting process or otherwise.
- The Board must authorize the purchase, encumbrance, or disposal of real property.
- Committees are authorized by the Board to approve expenditures up to the amount specified in the operating budget for their committee, and are responsible for monitoring their spending to ensure that they do not exceed the specified budget amount. Committees are not required to seek Board approval to reallocate money from one sub-category in the program section of the committee budget to another, so long as all expenditures are consistent with the committee's purpose and all applicable UUSG policies, and the committee's annual spending does not exceed the committee's total annual budget. However, any material reallocation of the committee's budget should be noted in the committee's regular monthly council report.
- Any expenditure over and above the spending authorized in the operating budget must be specifically approved by vote of the Board.
- The Board must authorize any indebtedness of UUSG.
- The Finance Team will always maintain cash needed to meet payroll and debts in a timely manner.
- The Finance Team shall inform the Board in writing monthly concerning actual revenues and expenditures and appropriate comparisons and projections.
- Committees and other Board delegates may only make purchases that are provided for in either the Board-approved capital expenditure or operational budgets.

- The Finance Team will maintain controls on cash and investments sufficient to meet generally accepted standards of fiduciary duty. These standards shall include, at a minimum, the following:
 - Authorizing limited access to operating and investment accounts.
 - Furnishing regular monthly reports
 - Requiring reconciliation of the bank and investment accounts monthly.

7. Insurance and Risk Management Policy

The Board and Finance Team will safeguard the assets of UUSG and shall not allow the assets to be unprotected, inadequately maintained, or unnecessarily risked.

Accordingly, the Board and Finance Team shall:

- Adequately insure against theft and casualty losses at replacement value less reasonable deductible and/or co-insurance limits.
- Insure against corporate liability and personal liability of Board members and paid staff (including part-time staff) relating to UUSG business including general liability, directors and officers errors and omissions liability, sexual misconduct liability, professional counseling liability, workers compensation and employer liability, and employment practices liability.
- The Board officers and directors, the Treasurer, the Assistant Treasurer, the Congregational Administrator, the minister(s), and other volunteers or staff as deemed necessary by the Board shall be bonded in an amount to be fixed by the Board.
- Conduct an annual review of adequacy of insurance coverage prior to the applicable renewal dates to ensure that UUSG and its assets are appropriately protected and that UUSG does not pay more than necessary for insurance coverage. The Finance Team will make recommendations regarding material changes in coverage allowing for Board review and approval prior to renewal dates.

8. Management of Grants and Charitable Donations Policy

Awarding Grants and Donations to Charities or Outside Funding Agencies: No one other than the Board or their express designees (including Social Justice Committee designees) shall award any grant or charitable donation on behalf of UUSG. The Board and their express designees shall not award any grant or charitable donation that fails to serve the goals and purposes of UUSG.

Accordingly, the Board or their express designees shall:

- Not award any grant or donation of UUSG funds in excess of the “Grant Award Limit” amount set by the Board annually.

- Oversee the grant approval and charity evaluation processes to insure that the goals of the grant or donation are being achieved.
- Collect, review, and retain written grant applications and charity evaluations (where applicable).
- Collect, review, and retain follow-up reports on grant and charity activities.
- Consider the budgetary, staff, and facility impacts of grants and charitable donations.

Applying for Grants from Outside Funding Agencies: No one other than the Board or their express designees shall apply for any grant on behalf of the UUSG from outside funding agencies. The Board and their express designees shall not apply for any grant that fails to serve the goals and purposes of UUSG.

Accordingly, the Board or their designees shall:

- Oversee the grant application process.
- Collect, review, and retain information about any grant applications.
- Collect, review, and retain follow-up reports on grant activities.
- Consider the budgetary, staff, and facility impacts of grants application

9. Acceptance of Gifts, Restricted Gifts Policy

- Unless otherwise specified, all gifts to UUSG will be considered donations and will be included in the general operating fund.
- While UUSG is grateful for any gift offered, gifts that are subject to conditions or limitations will be accepted only if the restrictions are consistent with UUSG's mission, policies, plans, and UU principles.
- The Finance Team shall maintain separate restricted funds as they see fit that will be available to accept restricted gifts of any size for their respective purposes.
- Due to the effort and cost associated with segregating and managing restricted funds, the Board will establish a minimum amount for the creation of any other special purpose or restricted fund. Restricted gifts below the minimum amount specified by the Board will be respectfully declined.
- Gifts of individual equity securities shall be sold at the time they are donated to UUSG in order to verify the current market value of the gift for the benefit of the donor and to align the assets to the investment policy of UUSG.

10. Contracting Policy

All contracts imposing any obligation upon UUSG must be approved by the Board of Directors, either directly or by a person to whom the Board has expressly granted authority to enter into such a contract.

Accordingly:

- The Board will designate staff members and volunteer leaders who have authority to enter into contracts up to a specified limit. All contracts in excess of the established limits require express approval of the Board.
- Note that the grant of authority to sign a contract on behalf of UUSG does not constitute approval for expenditures that may be required by the contract. All expenditures must be separately authorized as set forth in the "Authorization for Expenditures" policy. No person who is granted authority to sign a contract with UUSG may sign any contract that may require UUSG to make any expenditure that has not been authorized under the "Authorization for Expenditures" policy.
- The Board will establish a "No-Bid Contract Limit" annually. No contract in excess of the No-Bid Contract Limit will be signed without obtaining at least three competitive bids or offers, unless the Board determines that competitive bidding is not reasonable or practicable under the circumstances. The bid or offer that the Board (or appropriate designee) determines is in the best interest of UUSG will be selected.
- Before executing any contract, the Board and its designees will thoroughly review all terms of the contract, and, if necessary, will seek legal advice to interpret and assess the terms of the contract.

11. Financial Reporting and Audit Policy

- The Finance Team will prepare a monthly financial report, which will at a minimum include a report of all income and expenditures for the preceding month and for the fiscal year to date, detailed by the categories set forth in the current operating budget; and all non-operating income and expenditures of capital or restricted funds not included in the operating budget. The report may contain such information as the Finance Team wants to share with the Board and leadership or as requested by the Board.
- The Finance Team will establish an Audit Subcommittee to assist the Board in fulfilling its oversight responsibilities. The Audit Subcommittee will be responsible for review of financial policies and statements, monitoring the implementation of financial and accounting policies, and the effectiveness of internal controls.
- The scope of the financial review will, at a minimum, include cash management procedures, accounts payable procedures, and the system for recording and reporting pledges and contributions.
- The Audit Subcommittee shall conduct a review at least every 2 years and report to the Board. The Audit Subcommittee shall recommend more frequent reviews if needed.
- The Audit Subcommittee, during a review, may ask the Board for approval to engage outside professional assistance if the Audit Subcommittee determines that such assistance is necessary.

12. Review and Updates of Financial Policies

The Finance Team shall keep the Board informed in its work. The Finance Team shall:

- Submit financial monitoring data as required by the Board in a timely, accurate, complete, and understandable fashion, directly addressing provisions of policies.
- Present all other types of information to the Board in a manner that is timely, accurate, complete, concise, understandable, and facilitates decision-making.
- Recommend changes in policies and procedures that impact the church financial status.
- Report in a timely manner an actual or anticipated noncompliance with any financial policy of the Board.

Table of limits to be set annually by the Board

Recommended by the Finance Committee and approved by the Board on the date(s) indicated below.

| Type | Limit | Date of Board Vote |
|---|---|--------------------|
| “Grant Award Limit” referenced in policy 8. | \$5,000 | February 11, 2014 |
| “Contract Limit” referenced in Policy 10. | \$5,000 | February 11, 2014 |
| The limit above which a single purchase or commitment requires a competitive bid, as outlined in Policy 10. | \$10,000 | February 11, 2014 |
| Designees authorized to approve contracts up to the “contract limit” referenced in Policy 10. | <ul style="list-style-type: none"> • Congregational Administrator; for office, administrative, and maintenance services and supplies • Facilities Team Chair; with the approval of the Facilities Team for facility projects | February 11, 2014 |
| The asset allocation ranges for Society funds. The asset allocation will be designed to balance risk and return, as outlined in Policy 5. | <ul style="list-style-type: none"> • Operating Fund: 100% cash • Endowment Fund: <ul style="list-style-type: none"> ○ 30-60% of the total funds in cash, money market funds, and bonds ○ 40-70% of the total funds in stock market funds | February 11, 2014 |

| | | |
|--|---------|-------------------|
| | | |
| Minimum size for acceptance of a restricted gift fund in Policy 9. | \$1,000 | February 11, 2014 |