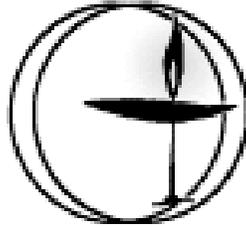


*Unitarian Universalist Church
of Roanoke*



**FINANCE POLICIES &
PROCEDURES**

December 2015

PURPOSE of FINANCE POLICIES

1. Encourages us to plan in advance; reduces the need for crisis management.
2. Provides continuity, focus and consistency; all with Board approval.
3. Greatly enhances the communication process.
4. Outlines norms, or standards, for the staff and the board - allowing objective evaluation.
5. Assists staff in knowing what is standard practice and what requires board attention -- thereby enhancing efficient management toward goals and objectives.

Fiduciary responsibility requires that we have a system worthy of trust, and at the same time that we trust people to carefully exercise the responsibilities they have accepted.

FINANCE COMMITTEE

Membership

Members of the Finance Committee* shall include:

Vice President of Finance (VP Finance)

Stewardship Chair

Income Coordinator(s)

Treasurer(s)

Assistant Treasurer(s)

Emergency Check Signer

***Position Descriptions for each are included in the Appendix.**

Meetings: Meetings of the Finance Committee shall be held as called by the VP Finance

Confidentiality and Security Measures: All discussions at Finance Committee meetings concerning specific members of the congregation or the professional staff are considered confidential, and should, therefore, not be discussed outside the committee. The only exception to this rule is when the VP Finance deems it necessary to discuss items either privately with the President, or in executive session of the board.

The finance team should protect the confidentiality of the information with which they work and the security of the employees personal information.

FINANCIAL REPORTING

UUCR currently uses a detailed line item budget in its financial management, and uses the Intuit Quickbooks accounting software. Financial reports, including an operating budget income and expense report, balance sheet, and cash flow statement are prepared each month using Quickbooks, and distributed to the Board and Staff via email. These reports are also placed on the church website in the private login section, available to church members and friends with a login ID. This is the easiest way to access current and historical financial information. A copy of the latest month's reports is also posted on the bulletin board near the foyer for open review.

Restricted Accounts: A portion of the money in the church's checking accounts represents money that is held for specific restricted purposes, including various religious education accounts, social action accounts, the minister's discretionary fund, etc. We refer to these as "restricted accounts" and this money may be used only for the indicated purpose. Restricted account balances are reported on the balance sheet. These accounts are not part of the operating budget. Income and expenditures from the restricted accounts are best reported separately from the operating budget report, although we sometimes combine them in one report.

BUDGET DEVELOPMENT PROCESS

In December the VP Finance initiates the process by distributing a budget proposal template to all committees included on the church Council, staff, and to the finance committee, and the Board President. The VP Finance collects the completed budget proposals within a 30-60 day time frame, and the Finance Committee then develops a first draft of the new budget, to be presented at the Board meeting in March for review. Of course, the annual canvass is happening during this period. With canvass results in hand, the Board typically holds a special budgeting meeting in April for the purpose of finalizing the budget to be presented at the Annual Meeting of the congregation in May.

CASH MANAGEMENT

Sunday/Special Offerings:

Ushers: Immediately after each offertory collection, two non-related persons will

- (1) sort and count the cash & number of checks and miscellaneous items*,
- (2) complete the Offering Collection Report and sign as witnesses,
- (3) place the cash, checks, miscellaneous items and the signed form in an envelope,
- (4) seal the envelope and mark the collection date on the outside, and
- (5) either give the envelope directly to the Treasurer or Income Coordinator immediately after the service, or place the envelope in the secure location as instructed.

(*Sealed envelopes included in the collection should be listed as miscellaneous items and placed unopened in the collection envelope.)

Revised December 2015

Income Coordinator(s): When reviewing the Offering Collection Report and preparing the collection for deposit, the Income Coordinator will document any discrepancies, sign the report, then place the Offering Collection Report with the Deposit Summary Report in the Treasurer's box. Any cash shortfalls will be reported to the Treasurer immediately.

Treasurer(s): The Treasurer will compare the Offering Collection Report with the Deposit Report to make sure they agree, and file both forms with the finance records. Any discrepancies found will be reported to the VP Finance.

Vice President of Finance: The VP Finance should describe to the board annually, in the first quarter of the fiscal year, how the congregation's cash is handled, what safeguards are in place, what changes should be made, if any, and the procedures in place for reporting any irregularities

ACCOUNTS PAYABLE

1. There must be a bill, invoice, statement, reimbursement voucher, or written documentation substantiating the expense, for every check drawn. Email documentation is acceptable. No checks are to be signed without documentation of the expense. It is assumed that monthly expenses are consistent with the categories established in the church budget.
2. The Assistant Treasurer(s) will sign checks. In the case of an emergency, an alternate person approved by the Finance Committee and listed as an additional approved signatory at our bank may sign. Persons should not sign checks payable to themselves.
3. As a substitute for preparing checks for reimbursement or routine expenditures, the Treasurer(s) or Assistant Treasurer(s) is authorized to establish electronic bank drafts or make electronic payments following other standard procedures for documentation.

BUSINESS EXPENSE REPORTING

Employees and volunteers will be reimbursed for approved church related expenses upon submission of receipts and accurate expense reports that conform to the annual budget and IRS requirements. Such expenses may include:

- Travel – transportation, lodging, meals, incidentals and other associated expenses
- Educational expenses
- Computers and related equipment costs
- Membership dues
- Supplies

Tax Law sets the rate for reimbursement of travel expenses for volunteers serving a charitable organization

Non-employees, while on church business (such as to out of town meetings, trips for educational purposes to locations removed from the church, travel with a youth group or a church school class, etc.) will be reimbursed at a rate of up to \$0.25 per mile.

Tax Law provides specific requirements that apply to employees

The church, as a tax-exempt organization, is required by law to document the exempt purpose of every expenditure. Any expenditure which is not appropriately documented is considered to be a nonexempt expenditure. If employees receive reimbursement without providing the required documentation, that reimbursement is considered by the IRS to be the equivalent of a payment made under a non-accountable expense reimbursement plan. Payments made under non-accountable expense reimbursement plans are taxable according to IRS Section 62 and are required to be reported to the IRS as such. Expense moneys paid other than through an Accountable Reimbursement Policy will be reported to the IRS as "other income" on Form W-2, and then may be claimed by the taxpayer as itemized deductions on Schedule A or Schedule C of the 1040 tax return. Refer to the "IRS Tax Guide for Churches and Religious Organizations" for more details on this process (www.irs.gov).

Expense Voucher Procedures: The voucher (see attachment 1) can be found in the designated box in the church office or on the website: <http://uuroanoke.org/vouch.php> where it can be printed out for use.

Note the heading that states "Date, Vendor, Item, Purpose," as a prompt to record the details of the transaction. Appropriate detailed back-up documentation, including itemized invoices and receipts, is required.

Appropriate receipts are those provided by the vendor showing an itemized list of the items purchased and their prices. A credit card statement, a cancelled check, or a tear tab receipt that shows only the total amount of the transaction is not sufficient documentation.

Signatures are required according to the voucher form instructions to ensure that the expense has been properly approved.

It is to the benefit of the church to pay expenses in a timely manner. All requests for reimbursement should be submitted within 90 days of the transaction.

The completed form should then be placed in the Treasurer's mailbox for signatures from the Treasurer(s) or VP Finance. The Treasurer(s) can process payment requests by email if all required documentation is provided.

Lost Receipts: When a receipt is lost, the claimant must make a good faith effort to obtain a duplicate, which is typically possible when one pays with a credit card. If a duplicate receipt cannot be obtained, the claimant will provide a written explanation. The Finance Committee has authority to deny reimbursement if documentation does not meet expectations set forth in this policy.

Church-issued Credit Card: One way of segregating work-related expenses is for the staff member to charge them to a church-issued credit card used solely for this purpose. The church then pays the credit card statement as it would any other monthly expense, although the credit card statement in and of itself may not be sufficient documentation.

Credit Card Transaction Report: As soon as a charge or refund transaction is made, the staff member will attach itemized receipts to a UUCR Credit Card Transaction Report (see Attachment 2). Fill in the required description, date, and account info on the transaction report form, obtain required signatures, and place with its supporting documentation in the Treasurer's box within 7 days after making the charge.

Non-Church-Related Expenses: Non-church-related expenses may not be charged to the Church-issued credit card. To do so may result in the withdrawal of the card. In the event that the card is inadvertently used for personal purchases or unapproved expenses, the card user must notify the treasurer(s) within 24 hours and reimburse the funds to the church within 72 hours.

The Treasurer(s)/Assistant-Treasurer(s) will:

- Monitor the UUCR credit card account online at least weekly and notify the card holder if documentation is past due.
- Examine the documentation within 7 days of the date turned in, and notify the card holder if supplemental information is required.
- For professional expense charges, direct the completed transaction report to the VP Finance for signature.
- For any expenditure from an account not usually directed by the staff member, provide a copy of that expense voucher to the appropriate committee, board, or staff member.
- Pay the credit card bill by the due date.
- Enter the credit card charges and payment information in the UUCR Quickbooks file at least monthly.

File the credit card documentation with the other financial records of the church, according to the customary procedures.

STEWARDSHIP COMMITTEE/ ANNUAL GIVING CAMPAIGN

The Committee is responsible for an annual canvass of all church members and friends. This shall be a standing committee with a chairman. The Committee will organize the canvass campaign, including the creation of a canvass team.

The Committee is responsible for designing pledge cards for each annual canvass. All members of the congregation will be invited to sign a pledge card reaffirming their intent to support the church. The cards will also include information on the previous year's pledge amount, and will provide options for pledge payments, as well as offer the opportunity to discuss any issues of concern with a member of the annual giving committee.

Reporting Contributions and Record Keeping: The Finance Committee is responsible for maintaining the annual giving records of pledges. The Finance Team will provide persons who pledge a report of their pledge

payments quarterly. Annual statements reporting pledge and non-pledge contributions will be provided to donors in the month of January for tax reporting purposes.

PERSONNEL & BENEFITS

Payroll Preparation: The Treasurer(s) or Assistant Treasurer(s) will prepare payroll checks based on salary and wage information provided by the Personnel Committee.

Hourly employees will submit time sheets, in a manner agreed to by the Supervisor, to the Treasurer on the last day of each payroll period. The Treasurer(s) or Assistant Treasurer(s) will issue the paycheck by the Wednesday following the end of the payroll period.

Extra pay requests for employees shall be submitted to the Treasurer at least 3 days prior to scheduled pay dates.

Distribution of Payroll Checks: Staff paychecks will be distributed directly to the individual employee's mail box. In cases where the employee is unable to retrieve the paycheck, the employee may request that the check be mailed to his or her address as shown on the records of the church. In the alternative, the pay check may be released to an individual who has received prior written authorization to retrieve the check on the employee's behalf. This authorization must name the individual and include a copy of the individual's photo ID for verification purposes. For employees who have elected to receive payment by an automatic bill pay, the church shall not be held responsible for delayed checks.

PROFESSIONAL EXPENSE ALLOWANCES

US tax law provides that congregations and other organizations that employ ordained ministers or other religious professionals may consider the items below as usual business expenses. Such expenses are not included in the compensation paid to individuals; they are part of the necessary expenses of the organization and are not reported for income tax purposes.

1. **Automobile expenses:** for employees, while on official business (such as to meetings, hospital or home visits, trips for educational purposes or to purchase supplies, travel with a youth group or a church school class, etc.) are reimbursable at up to the current IRS business rate. The costs of commuting to and from home and work are not allowable as automobile expenses.

2. **Travel expenses:** for employee only, while away from home overnight for work or business, including air fare, taxis, rental automobiles, lodging, meals, and incidentals are all professional expenses. This includes costs to attend professional conferences. Travel solely for entertainment cannot be treated as a professional expense.

Travel in connection with educational activities, conferences, or worship services will usually be legitimate. Where the purpose of travel is both personal and business, the expense may be pro-rated as partly a business expense and partly a personal one.

3. **Entertainment expenses:** directly related to the mission or programs of the organization are considered professional expenses. These may include entertainment at home or in restaurants of members or potential members of the congregation.
4. **Books and journals:** acquired and used for professional purposes may be treated as business expenses.
5. **Computers and related equipment costs:** may be treated as business expenses if the items are used 50% or more for professional activities. It is customary today to consider computers and peripherals as essential for the performance of one's duties.
6. **Educational expenses:** such as tuition, books, and supplies are professional expenses if related to one's professional status or responsibilities, or to maintain skills needed in one's work.
7. **Dues:** for membership in professional organizations are legitimate expenses.
8. **Telephone expenses:** except for the basic charge for a home phone, may be counted as business expense if related to the performance of one's duties.
9. **Religious garments:** or robes may be purchased and cleaned with funds for professional expenses, but this does not apply to garments worn as ordinary clothing.
10. **Insurance premiums:** for malpractice insurance or coverage of business equipment may be legitimate expenses.
11. **Office supplies:** such as stationery, letterhead, etc. are legitimate business expenses.

See IRS Publication 463 for more detail.

STEWARDSHIP COMMITTEE

Fundraising Requests: All fundraising requests will go first to the Stewardship Chair, who will consider the request and take into account the calendar of events. Requests must include the purpose and nature of the fundraiser and the people responsible for it. If it is a fundraiser with proceeds designated for the general operating budget, the Stewardship Chair has the authority to approve the request and so inform the Board of Directors.

Special Purpose Fundraisers: Proposals for special-purpose fundraisers will be submitted to the A-Team for review and, if approved, will be forwarded to the Board of Directors for final approval. The proposal will include the purpose of the fundraiser, the anticipated amount to be raised, the termination date of the campaign and disposal of funds raised in excess of the goal less expenses. If this last is not specified, the excess will revert to the church General Operating Budget.

APPENDIX

POSITION DESCRIPTION

Vice President Finance

Chairs Finance Committee

- Members include Vice President Finance, Income Coordinator(s), Treasurer(s), Assistant Treasurer(s), Stewardship Chair.
- Meetings as called - Preparation of agenda, review of reports, and miscellaneous Finance Committee communications and decision-making between meetings
- Report on board and personnel actions relevant to Finance Committee within 7 days of official action
- Arranges for biannual financial audit in even numbered years.
- Approximate time = 5 hours/month – 1.5 hours in meeting; 3.5 hours in other related activity

Prepares Annual Budget

- Initiates budget planning process by attending December Council Committee meeting to distribute budget planning guidelines, format, etc.
- Collects all committee/departments budget proposals by February
- Prepares draft budget for February Finance Committee meeting
- Presents draft budget to Board of Directors for review, revision, and approval in March meeting
- Finalizes budget for presentation to congregation during May Annual Meeting
- Approximate time = 15 hours annually

Oversees Annual Giving Campaign Committee

- Enlists members and chairperson.
- Serves as a member
- Approximate time = 8 hours planning/preparation annually (meetings, materials design, packet prep, etc.); plus 1 hour each Sunday post-service during the active campaign; plus other time as necessary to carry out activities planned by committee

Oversees Stewardship Committee

- Enlists members and chairperson
- Serves as a member
- Approximate time = depends on events and role on committee
- planning meetings, publicity, communications, set-up, event staffing, clean-up, accounting

Confers with Treasurer concerning accounting issues and reviews monthly reports.

Member of Board of Directors

- Attends monthly Board of Directors meeting
- Presents summary financial report to the Board
 - Detailed financials (Profit & Loss Statement, Balance Sheet, and ytd and monthly cash flow reports) are distributed to the Board of Directors via email prior to the board meeting.
 - Approximate time = 5 hours monthly (including preparation)
 - Prepares report for Annual Meeting

- Approximate time = 4 hours annually
- Participates in Long Range Planning
- Retreat with Board of Directors once annually
- Reports on LRP – town hall meetings
- Approximate time = 10 hours annually

POSITION DESCRIPTION

Treasurer(s)

Coordinate with UUCR Finance Committee members as well as UUCR Board, Council, Minister, other staff, and the congregation in performing the treasurer's duties.

Maintain accurate and up to date accounting records of all income and disbursements following federal and state requirements and church policies.

Review all vouchers submitted, following placement of voucher (with supporting documentation and required signature(s) of authorizing persons) in Treasurer's mailbox. If necessary, return vouchers to submitting person if not complete. Upon approval of properly completed voucher direct to the assistant treasurer(s) for payment.

Keep employee files up to date with records as required by federal and state governmental agencies. (I-9 forms, Social Security Information, W-4's, and VA-4's)

Make monthly and quarterly federal and state tax payments and file the related forms to the IRS and VA Department of Taxation prior to the required due dates. Prepare and distribute required year end wage statements (W-2's, 1099-misc) and file the related reporting forms with the SSA, IRS, and state of VA. Provide the minister and each employee written copies of their compensation package yearly, updated at the beginning of each fiscal year after the budget is approved. Deduct payroll taxes as required by governmental regulations and miscellaneous deductions as instructed by the VP Finance from each paycheck

Reconcile the bank account statements and the Office Administrator building use income at the end of each month. Update the Endowment Fund entries on the balance sheet. Create month end reports for the Finance Committee and Board as required. Provide detailed budget reports as needed to appropriate staff, Board members, and committee members.

The Treasurer(s) prepares and mails periodic pledge and non-pledge contribution statements and maintains records on all cash and non-cash contributions.

Train and supervise the Assistant Treasurer(s).

Update the finance committee forms as needed and get Board approval. Provide the form to the UUCR webmaster by email.

Maintain an adequate supply of checks, envelopes, stamps, etc. to complete the Treasurer's duties.

In the event that an Assistant Treasurer is unable to produce checks, the Treasurer will create the checks for the Emergency Check Signer to sign.

Provide instructions and assistance to the Office Administrator in performing the following finance related duties:

- Sorting finance related mail.

- Managing the building use agreements (per Building Use Policies and Guidelines) and related fee procedures.

- Managing miscellaneous financial forms (tax exempt, non-cash donation, memorial plaque application).

POSITION DESCRIPTION

Assistant Treasurer(s)

Coordinate with UUCR Finance Committee in performing the assistant treasurer's duties.

Maintain accurate and up to date accounting records of all income and disbursements following federal and state requirements and church policies.

Make payments according to UUCR's policies as follows:

Utilities - paid by due date.

Other expenses - paid within seven days, or otherwise as directed, following the treasurer's approval of a voucher.

Payroll:

Salaried employees - paid semi monthly by the 15th and last day of the month, and monthly by the last day of the month.

Hourly employees - paid by the Wednesday following the end of the pay period.

Provide itemized pay stub with each paycheck.

Assist the treasurer as needed.

POSITION DESCRIPTION
Income Coordinator(s)

The Income Coordinator reviews the Offering Collection Report, prepares the collection for deposit, documents any discrepancies, signs the report and then places the Offering Collection Report with the Deposit Summary Report in the Treasurer's box. Any cash shortfalls will be reported to the Treasurer(s) immediately.

The Income Coordinator enters the income cash amounts and checks received into the church computer database and then deposits this income into the church checking account.

The Income Coordinator communicates with the Office Administrator, membership committee and webmaster regarding updates required to the names, addresses, and phone numbers of contributors to maintain consistency between the church finance and membership databases.

The Coordinator communicates regularly with the Treasurer(s) and attends the Finance Committee meetings.

POSITION DESCRIPTION
Emergency Check Signer

The Emergency Check Signer will, in the absence of any Assistant Treasurer, sign checks produced by the Treasurer.

POSITION DESCRIPTION

Chair, Stewardship Committee

Recruits committee members

- Establishes committee specific to each event
 - Service Auction
 - Other major fundraisers, as planned annually
 - Past events include Oktoberfest, Cabaret, Jumble Sale, Arts & Crafts Festival, etc.

Sets fundraising financial goals and budget for the year, in collaboration with Finance Committee, and based on previous performance and realistic expectations

- Manages the committee budget and ensures adequate funds to cover expenses
- Projects reasonable revenue goals
- Collects and tracks gross receipts from each event; turns over to Treasurer(s) and Income Coordinator(s)
- Prepares reports for the Board and congregation

Sets annual fundraising calendar

- Considers timing of other church events
- Sufficient planning time between events

Oversees organizational tasks for each event

- Calls planning meetings as needed
- Adequate advance publicity for each event
- Set up and clean up crews
- Food and beverage services
- Supplies purchase or donated acquisition
- Ensures all activity occurs in safe and appropriate manner, with consideration for legal liability concerns and general participant safety and enjoyment
- Acknowledgements of donations, volunteer efforts, etc.

Attachment 1

Attachment 2

UUCR Issued Credit Card Transaction Report

Date of report: _____

Name of Card Holder: _____

Itemize expense or refund: Provide all required information

The 'Date of Transaction' information is the date that this purchase or refund was made as shown on the receipt or credit.

The 'VENDOR' information is the name of the supplier as shown on the receipt.

The 'ITEM' information identifies the item itself.

The 'PURPOSE' information tells how this item is used by UUCR. It may be a maintenance item used to maintain the building. It may be a stock item like copier paper. It may be an RE item in which case its purpose might be "To extend adult education". If possible the description should tell how the item is used to extend the mission of the Church.

Date of Transaction or Refund -- Vendor -- Item -- Purpose	Account	Amount	X
Total:			

Attach all receipts or other support information to the back in listed order.

***Those signing here are responsible for ensuring that these expenditures are for approved purposes & within budgeted amounts.**

****A second signature is required if the expenditures above are split between two or more account categories (for example, Music & Worship)**

* _____ title _____ date _____

** _____ title _____ date _____

Instructions: Fill out form completely, explaining each item fully. Select account numbers from list on page two. Attach copies of your itemized receipts or any other documentation to substantiate your expenses or credits. Obtain appropriate authorization on above signature lines, then place in Treasurer's mailbox. All reports should be turned in to the treasurer within 7 days of the Credit Card Purchase or refund.

Treasurer or VP Finance Signature:

_____ title _____ date _____

Date Entered: _____ Initial: _____

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