

UNITARIAN UNIVERSALIST CHURCH OF THE DESERT

Financial Procedures Policy

Purpose: This policy is intended to document various processes, systems and controls related to financial management of the Unitarian Universalist Church of the Desert (“UUCOD” or “the Church”) including:

- Authorities
- Cash Management
- Deposits
- Checks and Invoices
- Cash Reserves
- Reporting Contributions and Record Keeping
- Controls

Note: This procedures policy does not cover endowment funds and the Minister’s Discretionary Fund, each of which is covered in a separate UUCOD policy.

Authorities: The UUCOD Board of Directors (Board) is responsible to ensure that sound financial procedures are established and practiced and to review financial reports on a monthly basis to ensure thoroughness and accuracy. The Treasurer is responsible for ensuring that day-to-day, routine financial processes are performed in a timely and accurate manner; either by him/herself, the Church Administrator, or Responsible Individuals (“Individual”). Individuals are members to whom specific financial processes have been delegated to ensure segregation of duties as part of the Church’s financial controls. The accounting firm UUCOD retains is responsible for reviewing all financial transactions posted to the Church’s accounting system and reconciling monthly bank statements on a not less than quarterly basis as agreed to by the Board; reporting any discrepancies to the Treasurer or, if discrepancies are not resolved, to the UUCOD Board of Directors.

Cash Management

Sunday Offering

- The Sunday offering should be counted by two persons working in the same room, at least one of whom is a member of the Finance Committee.
- Both individuals counting the Sunday offering should sign the collection envelope noting the amounts received in cash and the total number of checks received.
- All currency and checks, as well as any correspondence regarding funds, should be put in the collection envelope and the sealed envelope should be placed into the Treasurer’s box in the church office.
- The offering should be stored in the Treasurer’s secure box in the office until deposited. The person who makes bank deposits for the Sunday Offering and the Treasurer will have keys to the secure box.

Collection of Cash or Checks for Other Projects

- Individuals collecting or receiving funds on behalf of UUCOD should employ similar handling processes as those of the Sunday offering including:
 - Preferably, two persons working in the same location should count the money noting the amount received in cash and the total number of checks.
 - The cash and checks and any related correspondence should be placed in a church envelope, noting on the face of the envelope who collected and counted the money, the purpose for which the funds were collected, and the total amount collected.
 - The sealed envelope should be placed in the Treasurer's secure box in the church office or, if the office is locked, slid under the door of the office as soon as possible after the collection of the monies.

Cash Reserves

- Sufficient funds must be maintained at all times to meet payroll, reasonably expected claims on custodial accounts, and other anticipated debt payments in a timely manner. At the Treasurer's discretion, funds may be transferred between the Church checking and savings accounts to meet these requirements.

Deposits

- Whenever possible, a person designated by the Board or Finance Committee (other than the Treasurer) should make the bank deposits.
- All cash and checks received by UUCOD for deposit into the Church's bank account should be posted to a Deposit Spreadsheet that is dated the date funds are deposited into the bank.
- Cash and checks should be posted to the appropriate spreadsheet categories. The Individual completing the spreadsheet should count the cash received, tally the number of checks and total amount of checks and verify the information matches what is posted on the spreadsheet.
- The Individual preparing the deposit should complete a deposit slip, retaining the duplicate copy for Church records. Checks and cash should be bundled with the deposit slip and the deposit made at the bank promptly, generally the next business day. The Individual should secure a receipt for the deposit from the bank.
- Prior to making the deposit, copies of checks should be made and all original source documents such as collection envelopes should be attached to the Deposit Spreadsheet. Once the deposit receipt is obtained, it should be attached to the Deposit Spreadsheet and all source documents and retained. Photocopies of checks for each calendar year should be retained through February of the following calendar year, then shredded.
- A soft copy of the Deposit Spreadsheet should be emailed to the church bookkeeper and/or Treasurer for entry into the accounting software, member software and retention purposes.
- Totals on Deposit Spreadsheets should be matched to deposits listed on monthly bank statements and entries in the accounting software to ensure accuracy.

Credit Card or ACH Payments

- The Church can accept credit cards or ACH transactions for payments of pledges, contributions and purchases. Credit card transactions may be made through the Church's website or point of sale transactions can be completed by an authorized Individual at the Church. Credit card and ACH transactions can be one time or recurring transactions for a specified timeframe.
- Each credit card or ACH transaction requires a source document such as a bill, invoice, receipt, report, or some other form of writing authorizing the transaction before the payment can be processed. If the charge is a recurring transaction, the document must identify the amount to be charged, the frequency the charge can be made, and a termination date.
- Individuals processing credit card and ACH transactions on behalf of the Church should be counseled regarding the security of contributors' financial information. Any breach of this security should result in the Individual no longer be able to process these transactions.
- Reports on credit card and ACH transactions are sent to the Church of a periodic basis by processing vendors and these deposits into the Church's bank account must be posted to the Church's accounting system in a timely manner, in no event later than the current month end.
- Contributions by credit card or ACH must be input onto a spreadsheet and provided to the Individual inputting contributions into the church accounting system.

Annual Reporting of Cash Management Procedures

- The Treasurer should describe to the Board annually how the congregation's cash is handled, what safeguards are in place, what changes should be made, if any, and s/he should immediately report any irregularities.

Payment Processing

- With the exception of payroll, there must be a bill, invoice, statement, or written request for reimbursement for every check written, debit or electronic funds transfer. No checks should be signed without documentation of the expense.
- Committee chairpersons must approve requests for reimbursement of expenses by committee members by signing and dating the request.
- Approved purchases are encouraged to be made by debit card. The Church Administrator and the Board President have debit cards for this purpose.
- Receipts for purchases made by debit card should be forwarded to the Church Administrator or Treasurer within 5 days of receipt of the invoice.
- The Board controls and restricts who has check writing functions for the church. The President, First Vice President and Treasurer may write and sign checks.
- Other than checks for payroll or other routine monthly payments such as a mortgage, checks larger than \$2,000 require two signatures.
- The person signing the check may not be the approver of the request. The person receiving the check may not be the approver of the request or the lone signer of the

check; Board members should not sign checks made out to themselves without a co-signer.

- Signatories on checks are limited to the Board President, First Vice President and the Treasurer.

Purchasing

- Board members, employees, committee chairs or their delegates are authorized to make purchases within the scope of their authority providing the purchase is appropriate and the budget has not been exceeded. Board review and approval is required for all purchases that require execution of a contract.

Payroll

- The Treasurer or designated Individual is responsible for inputting new or modified employee information into the payroll system and processing the Church's payroll in a timely manner. They must also terminate the employee in the payroll system if an employee is no longer employed by the Church.
- Each employee must complete a W-4 form to assist in setting up payroll for new employees.
- Employees are paid twice monthly, generally on the 10th and 25th of each month, either through direct deposit or issuance of a church check. If the employee receives a physical check, the Treasurer or designated Individual is responsible for preparing and issuing the check.
- The Treasurer is responsible for ensuring that payroll taxes are paid on a monthly basis and that quarterly payroll tax returns are filed with the government in a timely manner.
- The Treasurer must ensure that W-2 forms are prepared for each employee following the end of the calendar year and that they are mailed to the employee no later than January 31st of the following calendar year.
- Independent contractors performing services for the Church receive \$600.00 or more in payment in a calendar year must be issued 1099 forms no later than January 31st of the following calendar year. Independent contractors are required to complete a W-9 form in order to secure information required for 1099 reporting. UUCOD must report to the IRS payments made to independent contractors by April 15 following the end of the taxable year.

Reporting

Contributions and Record Keeping

- All deposits and payments must be recorded in a timely manner in the Church's accounting system by the Individual(s) designated for that function.
- For reporting contributions, the date on the check will be recorded as the date of the donation.
- UUCOD's Treasurer must review all entries made into the accounting software and the bank statements each month. UUCOD's accounting firm must independently review all

entries made into the accounting software and reconcile bank statements no less than quarterly, as determined by the Board.

- The Treasurer produces monthly financial reports that account for all financial transactions for that month. Reporting is on a cash basis. Reports are reviewed and approved by the Finance Committee and the Board of Directors and posted to the Treasurer's shared drive.
- Persons who contribute more than \$250.00 per calendar year should receive a report of their donations at least semi-annually with a calendar year end statement being mailed no later than January 31st of the next calendar year. Statements should include the name and phone number of the person to call if there is a discrepancy.
- The Church Administrator maintains documentation related to the Church's finances on file and available for review for at least 10 years.
- An accountant or experienced accounting professional should perform a management review of the cash management procedures, accounts payable procedures, and the system for recording and reporting pledges and contributions. This should be done at least once every three years, usually before a new Treasurer or church bookkeeper takes office.

Special Account Reporting

- Certain reserve accounts such as the Emergency Facilities Fund and Music Fund require special accounting and reporting. A separate spreadsheet for these accounts should be maintained showing the date and amount of debits and credits to the account as well as the current balance of the account. The Treasurer must report on these accounts to the Board or donors on a periodic basis.

Pledge Accounting

- Pledges must be supported with some form of source document, preferably a pledge form, but another written document prepared by the individual making the pledge such as a letter or email is acceptable. The source document must include the amount of the pledge and/or the amount of individual payments, the frequency of those payments, the manner of payments, and the start and ending dates of the payments.
- Pledge information should be entered into the Church's accounting system in a timely manner.
- Pledge payments and other financial contributions from friends or members should be entered in the accounting system in a timely manner.
- Statements detailing all contributions for the year must be issued to contributors on a semi-annual basis.

Financial Controls

- Projects or Programs That Collect Monies Other Than Pledges or Weekly Offering
 - Two persons working in the same location should count the money noting the amount received in cash and the total number of checks.

- The cash and checks and any related correspondence should be placed in a church envelope, noting on the face of the envelope who collected and counted the money, the purpose for which the funds were collected, and the total amount collected-
- Rather than keeping cash or checks until a project is completed, monies should be deposited in the Treasurer's box in the office on a periodic basis.
- The project should set up its own record of individual contributions for its purposes such as individuals who purchase tickets, scrip cards or donate money.

Bank Accounts and Statements

- The President, First Vice President and Treasurer will have online access to review or download all bank transactions through the bank's website.
- Bank statements are provided to the Church bookkeeper or accounting firm monthly for reconciliation as part of the month end reporting process.

Church Accounting/Financial System

- Entries into the Church accounting are completed by the Treasurer or an authorized Individual.
- The Treasurer reconciles the financial database and the bank, brokerage, and loan statements each month.
- The Church's accountant reviews all monthly financial transactions and bank statements to ensure the appropriateness of the entries on a periodic basis.

Record Keeping

- Copies of checks are kept through the end of the calendar year then they are destroyed.
- Current year receipts and records may be kept off site at the Treasurer or other designated person's home. The Board should be informed annually where current year records are being maintained.
- Other accounting records such as deposit slips, bank statements, mortgage statements, invoices, receipts, etc. must be retained at the Church for at least 10 years.
- Copies of checks and deposit slips are kept in order to reconcile against the bank statements.

Adopted by action of the Board of Directors at its duly noticed meeting (3/19/19)

Date of Board Adoption: 3/19/19

Date of Board Revision: Revised:

Sarah Gonzales, President

Rod Belshee, Secretary