

Shawnee Mission UU Church Financial Policies

BANKING

POLICY: Bank Accounts and Investments

The Treasurer will ensure that a current listing of all bank accounts and investments is maintained and accessible, along with current signature cards for each account. (Board approved Oct 2012)

POLICY: Bank Statements

The Treasurer will ensure that all bank statements are reconciled promptly. (Board approved Oct 2012)

POLICY: Bank Accounts Signatures

Bank signatories shall be President, Treasurer, Minister, and one other designee appointed by Board of Trustees for the operating checking, capital campaign checking, operating money market, and capital campaign money market account.

Bank signatories shall be President, Treasurer, Minister, Director of Congregational Life, Director of Religious Education, Church Administrator, and other designee for the employee checking account.

Any check for \$5,000 or more will have two signatures. (Board approved Oct 2012)

POLICY: Borrowing Authority

The Board of Trustees must approve any borrowing on behalf of the Church. The President will sign all mortgages and notes as the official representative of the Board of Trustees. (Board approved Oct 2012)

POLICY: Brokerage Account

The Church maintains a brokerage account to accept donations of stocks and mutual funds and to sell these financial instruments. The Minister and the Treasurer have the authority to make these transactions. (Board approved Oct 2012)

POLICY: Electronic Banking

The Church will use available technology such as electronic banking. Only bank signatories have the authority to make bank transactions on-line. The Treasurer will be responsible for maintaining the user and password information for on-line banking. (Board approved Oct 2012)

POLICY: Miscellaneous Banking

No checks shall be written to “cash” or “bearer” and the use of ATMs or other means to withdraw cash directly from local Church accounts shall not be permitted. (Board approved Oct 2012)

Blank checks shall not be signed in advance. (Board approved July 2013)

BUDGET

POLICY: Budget process and approval

In the fall of each fiscal year, the Board of Trustees and staff representatives will meet to establish goals for the following fiscal/program year. The staff will take those plans and, working with committees and program groups, will prepare a preliminary aspirational budget and budget narrative. This budget will be reviewed by the Board of Trustees and then given to the Stewardship Committee as its goal for the annual canvass.

The narrative will be used by the Stewardship Committee to prepare the message to the congregation as to the financial resources needed to fulfill the goals. The Stewardship Committee will seek input from interested persons, committees and staff to work together to prepare that message.

At the conclusion of the canvass, the Finance Committee will review the results of the canvass and make revisions to the budget based upon these results. These revisions will be communicated to the program committees and staff, and they will be encouraged to contact board members and/or attend the board meeting in May to address any changes in their funding requests.

Any changes will be incorporated into the “final” budget which will be presented to the congregation at the annual meeting for comments per Article VI, Section 6b of the bylaws.

The final budget for the following fiscal year will be approved by the Board of Trustees at the June board meeting. (Board approved Dec 2012)

POLICY: Budget Revisions and Expenditure Limitations

An informational meeting to receive comment from the membership shall be called to present any revision in the operating budget adopted by the Board of

Trustees which would cause the following expenditure or borrowing limitations to be exceeded.

Expenditure Limitation

The Board may not obligate the Church for expenditures which would cause the total budget adopted by the Board to be exceeded by more than ten percent without conducting an informational budget revision meeting of the membership to receive their comments as provided in Article VI Section 7 of the bylaws

Borrowing Limitation

The Board may not incur on behalf of the Church any obligation or indebtedness, the payment or repayment of which shall extend beyond one year and exceed ten percent of the operating budget for the year in which said obligation or indebtedness is incurred without conducting an informational budget revision meeting of the membership to receive their comment as provided in Article VI Section 7 of the bylaws. Board approved Oct 2012)

POLICY: Budget variances

Moving budgeted funds from one line item to another within a budget category may be made without Board approval but moving funds from one category to another or an increase in budgeted expenses in excess of 10% of the category must be approved by the Board. Regular operating expenses may be approved by the staff responsible for that line item in the budget. (Board approved Oct 2012)

CASH RECEIPTS

POLICY: Offering Collections

All collections shall be under continuous observation and control by more than one person until the total amount and individual responsibility is documented. Sunday offering will be placed in the safe in the administrative office immediately after counting and recording. (Board Approved Oct 2012)

POLICY: Other Cash Handling

Anyone leaving cash and/or checks at the Church should leave the money with a staff member or place in the safe in the administrative office and document the amount. Staff and program members should arrange for a personal pickup of all money transactions. (Board approved 2012)

CONTRIBUTIONS

POLICY: Contribution confidentiality

Only the Minister, the Treasurer, the canvass Chair and Co-Chair/ Stewardship committee, and the Church Administrator (or pledge recorder) will have access to pledge data. (approved by Board Nov 10, 2003)

POLICY: Date of contribution

Per IRS guidelines, all contributions must be received or postmarked no later than December 31 to be included in the December receipts. Contributions not received or postmarked by December 31, will be included in the subsequent reporting period. (Board approved Nov 2012)

POLICY: Pledge recordkeeping

Only the Minister, the Treasurer, the Stewardship Chair and/or Co-Chair committee, and the Church Administrator (or pledge recorder) will have access to pledge data. (Board approved Nov 10, 2003)

POLICY: Recordkeeping for contributions and contribution statements

Contribution checks should be made out to Shawnee Mission UU Church with a note in the memo line if the contribution is to be used for any purpose other than a pledge payment. Cash contributions should have any special purpose noted on the contributions envelope.

The Church will accept donations of non-cash items that can be used productively by Church activities or easily converted to cash. See gift acceptance policy for further information.

The Church will formally acknowledge receipt of non-cash items accepted, but will provide no estimated value or actual value of the item (IRS rules require that the amount be determined by the donor, subject to the approval of the IRS.)

A quarterly statement will be provided to all members and friends who make a contribution to the Church. (Board approved Nov 2012)

POLICY: Return of contribution

The Church shall not return contributions to donors who make such a request. If extenuating circumstances indicate that it is best to make such a return, the Board will consider the return of the contribution and the Treasurer shall notify the donor in writing that they will need to file an amended tax return if they

claimed a charitable deduction, and shall also notify the IRS in order to avoid the potential penalty for "aiding and abetting" a taxpayer in the substantial underpayment of taxes. (Board approved Nov 2012)

POLICY: Stocks, bonds and mutual funds contributions

A brokerage account is maintained to handle the receipt and selling of stocks, bonds or mutual funds received as contributions. Such financial instruments will be sold immediately upon receipt and the value at the sale will be credited as a contribution. (Board approved July 2013)

DISBURSEMENTS

POLICY: Church member reimbursement

Church members may be reimbursed for out of pocket expenses when supporting documentation has been presented for previously approved costs incurred on behalf of the Church. (Board approved July 2013)

POLICY: Credit Cards

Per IRS regulations, only Church expenses may be charged to a Church credit card. It is still important to review and disallow any unapproved expenses. This may mean requiring reimbursement from the card user. Abuse of the privilege of a credit card should result in its being revoked. Credit card receipts must be attached to the credit card statement for verification of expenses. No personal expenses may be charged to the Church credit card. (Board approved July 2013)

POLICY: Declining Unauthorized Expenses

The Treasurer and the Board of Trustees have the right to decline paying any bills that have not been authorized by the appropriate party. Only the Board of Trustees and designated staff members of the Church may encumber the Church financially. All expenses that are presented to the Church for payment must meet the same minimum standard for authorization. The Treasurer, on behalf of the Board of Trustees, will reply to whomever has submitted a bill that is declined for payment. While respecting every person's best intentions, the Treasurer will instruct the submitter on the proper process for future expenses and remind them of the Board of Trustees' duty to carefully manage the Church's funds. This is in keeping with their proper responsibility as stewards of the Church's resources. (Board approved July 2013)

POLICY: Employee Compensation

Compensation for all employees will be paid on the 15th and last day of each

month. In the event that the 15th of the month is not a working day, the paychecks will be disbursed on the last working day prior to the 15th or the last working day of the month. Pay for employees separating on dates other than the last work day of the pay period will be made within six days or on the next scheduled pay date whichever comes first. The normal payroll process to record the expense will be used. Termination and severance pay will be limited to official policies as established for all employees in the Personnel Policies.

All required taxes shall be withheld as well as FICA taxes being matched according to the status of the employee. (Board approved July 2013)

POLICY: Employee reimbursement

Out of pocket expenses will be reimbursed only when supporting documentation has been presented for approved costs incurred.

Employees using their own cars for pre-approved Church-related business may be paid mileage at the current rate per mile as established by Internal Revenue Service. Mileage will be reimbursed monthly upon request by the employee and approval by the immediate supervisor. (Board approved July 2013)

POLICY: Expense Approvals

All expenditures must have the approval of the staff person or committee chair responsible for the line item in the approved budget. All expenses must have appropriate documentation (usually an invoice or credit card receipt) showing the amount to be paid, the service rendered or goods received, date of purchase.

Invoices and/or check requests must be attached to the check stub as proof of payment and filed. Each check written should have an invoice/receipt or check request with the exception of payroll checks. □ Payroll check for hourly employees shall be approved only upon receipt of a time sheet approved by the employees supervisor. (Board approved July 2013)

POLICY: Pay advances and loans to employees

No salary advances or loans to staff shall be made under any circumstances and no travel cash advances will be made except under special conditions and preapproved by the Treasurer. (Board approved July 2013)

FINANCIAL STATEMENTS

POLICY: Preparation and access to financial statements

The Treasurer shall provide financial statements at each board meeting for approval by the Board.

Financial statements shall be made available to any Church member upon request. (Board approved July 2013)

GIFT ACCEPTANCE

The Church will accept unrestricted gifts and gifts for specific programs and purposes, providing that such gifts are consistent with the mission of the Church. Gifts that are too restrictive are those that violate the terms of the Church bylaws, are too difficult to administer, or are for purposes outside the scope of the mission of the Church.

Gift acceptance, as outlined in these policies, is delegated by the Board to the staff or committee responsible for the area of the Church life. Acceptance of gifts outside the scope of this policy requires the approval of the Board of Trustees.

The Board of Trustees reserves the right to refuse any gift that it believes is not in the best interest of the Church, too restrictive in purpose, too difficult to administer, or has excessive potential legal or financial liability, or for purposes outside its mission.

Types of Gifts

To provide the Church with maximum flexibility in the pursuit of its mission, donors shall always be encouraged to consider unrestricted gifts or gifts restricted to budgeted priorities of the Church.

Restricted funds are funds that have a user-imposed restriction placed upon the use of the funds prior to the gift. These can be used only for the purpose that was stated at the time the gift was made. Funds that are restricted may be permanently restricted or temporarily restricted.

Permanently restricted funds will be used for the cause specified. For instance, giving to be invested to generate income, or to provide endowments would be permanently restricted.

Temporarily restricted funds may be used after their restrictions are met. Any temporarily restricted funds remaining may be redesignated by the Board of Trustees after the state purpose has been fulfilled.

Designated funds are those upon no restrictions were placed by the donor, but which the Board of Trustees has designated for a particular purpose. These funds can be redesignated by the Board of Trustees.

Unrestricted future gifts: As donors making large future gifts generally intend for the gifts to benefit the long-term future of the Church, all future gifts (bequests, retirement plan and life insurance designations, etc.) shall be added to the Shawnee Mission Unitarian Universalist Church Endowment Trust.

Quid pro quo gifts: If the donor received any benefit in consideration of their gift (such as purchases at the Church auction), the fair market value of that benefit can not be considered a donation to the Church. The value of the benefit will be determined during the solicitation for donations and clearly stated on the auction materials.

Memorial/In Honor of Donations: Donations made to the Church in memory or in honor of a member or friend shall be considered designated funds. If the family of the person asks that the funds be used for a restricted purpose, that purpose must be approved by the Board of Trustees.

Forms

The Church accepts gifts in the form of cash and marketable securities. At its discretion, the Church may accept gifts of tangible personal property, real estate, and other assets including gifts through estates, trust, and life insurance policies.

Cash will be accepted in any form. Checks should be payable to Shawnee Mission UU Church and are deliverable at the church office.

Gifts of marketable securities should be deposited in the Church brokerage account and will be sold upon acceptance in the brokerage account. The resulting funds will be credited to the fund for which they were intended.

Gifts of tangible personal property intended for resale will be examined in light of the following: does it fulfill the mission of the Church, is it readily marketable, are there restrictions placed upon the property and are there carrying costs associated with the property.

Gifts of tangible personal property intended for Church use must be approved by the staff or committee responsible for that area of Church life.

Gifts of real estate will be examined in light of the following: is the property useful for the purposes of the Church, is it readily marketable, are there restrictions, reservations, easement, or other limitations associated with the property, are there carrying costs associated with the property, and does an environmental audit of the property reflect that the property is not damaged.

Gifts of life insurance policies must name Shawnee Mission UU Church as both beneficiary and irrevocable owner of the policy to be considered a valid gift and have a positive surrender value. The owner may contribute to the payment of the future premiums or the Church may continue to pay the premiums, convert the policy to a paid-up policy or surrender the policy for its current cash value.

Bequests under wills and trusts, beneficiary designation in life insurance policies without irrevocable ownership of the policy by the Church, and beneficiary designation in retirement plans shall not be considered a gift until the gift is irrevocable. Gifts can irrevocable but due at a future date and will be considered a gift at the time they become irrevocable.

The Church may accept a designation as income beneficiary of a charitable lead trust. The Church will not serve as trustee of a charitable lead trust.

The Church will accept designation as charitable beneficiary of charitable remainder trusts that do not name the charity as trustee. Donors who create externally managed and trustee trusts will be asked to provide the Church with a copy of the trust documents and annual investment reports for record-keeping purposes.

The Church will accept designation as beneficiary of retirement plans. Donors who name the Church as beneficiary are asked to provide the Church with a copy of the beneficiary documents for record-keeping purposes.

Valuation

It is the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to the Church.

The Church will record a gift received by the Church at its valuation for gift tax purposes on the date of the gift.

Receipts

All cash gifts in excess of \$250 will be acknowledged by an annual statements and all other gifts will be acknowledged by the Church in a letter according to current IRS regulations.

List of Needed Goods

The Board of Trustees, staff and Church committees will maintain a list of items that are needed by the Church on an on-going basis or on a one-time basis. Donations of these items to the Church will be accepted with prior approval of the Board of Trustees. Information about items donated should be forwarded to the Treasurer for record-keeping purposes. (Board approved October 2012)

MINISTER'S DISCRETIONARY FUND

This fund was established to make funds available for members of the Church who may have a financial need. The minister will retain supporting documentation. (Board approved July 2013)

POLICY: Distribution of Funds

The minister can distribute these funds at his/her discretion and is not required to provide details regarding who received assistance. (Board approved July 2013)

RECORDS RETENTION

The law requires the Church to maintain certain types of corporate records, usually for a specified period of time. Failure to retain records for those minimum periods could subject the Church to penalties and fines, cause the loss of rights, obstruct justice, spoil potential evidence in a lawsuit, place the Church in contempt of court, or seriously disadvantage the Church in litigation. (Board approved July 2013)

POLICY: Records Retention and Destruction

The Church expect all employees to fully comply with any published records retention or destruction policies and schedules, provided that all employees should note the following general exception to any stated destruction schedule: If an employee believes, or the Church informs employee(s), that Church records are relevant to litigation, or potential litigation (i.e., a dispute that could result in litigation), then employee(s) must preserve those records until the Board of Trustees determines the records are no longer needed. That exception supersedes any previously or subsequently established destruction schedule for those records. If employee(s) believe that exception may apply, or have any question regarding the possible applicability of that exception, employee(s) should contact the Board of Trustees.

From time to time the Church establishes retention or destruction policies or schedules for specific categories of records in order to ensure legal compliance, and also to accomplish other objectives, such as preserving intellectual property and cost management. Several categories of documents that bear special consideration are identified below. While minimum retention periods are suggested, the retention of the documents identified below and of documents not included in the identified categories should be determined primarily by the application of the general guidelines affecting document retention identified above, as well as any other pertinent factors.

- A. Tax Records. Tax records include, but may not be limited to, documents concerning payroll, expenses, proof of deductions, business costs, accounting procedures, and other documents concerning the Church's revenues. Tax records should be retained for at least six years from the date of filing the applicable return.
- B. Employment Records/Personnel Records. State and federal statutes require the Church to keep certain recruitment, employment and personnel information. The Church should also keep personnel files that reflect performance reviews and any complaints brought against the Church or individual employees under applicable state and federal statutes. The Church should also keep all final memoranda and correspondence reflecting performance reviews and actions taken by or

against personnel in the employee's personnel file. Employment and personnel records should be retained for six years.

- C. Board and Board Committee Materials. Meeting minutes should be retained in perpetuity in the Church's minute book. A clean copy of all Board and Board Committee materials should be kept for no less than three years by the Church.
- D. Press Releases/Public Filings. The Church should retain permanent copies of all press releases and publicly filed documents under the theory that the Church should have its own copy to test the accuracy of any document a member of the public can theoretically produce against that Church.
- E. Legal Files. Legal counsel should be consulted to determine the retention period of particular documents, but legal documents should generally be maintained for a period of ten years.
- F. Contracts. Final, execution copies of all contracts entered into by the Church should be retained. The Church should retain copies of the final contracts for at least three years beyond the life of the agreement, and longer in the case of publicly filed contracts.
- G. Electronic Mail. E-mail that needs to be saved should be either:
- i. printed in hard copy and kept in the appropriate file; or
 - ii. downloaded to a computer file and kept electronically or on disk as a separate file.

The retention period depends upon the subject matter of the e-mail. All Church email information is categorized into four main classifications with retention guidelines: Administrative Correspondence (4 years) □ Fiscal Correspondence (4 years) □ General Correspondence (1 year) □ Ephemeral Correspondence (Retain until read, destroy)

- H. Other Records.
- Accounts payable ledgers and schedules: 10 years
 - Accounts receivable ledgers and schedules: 10 years
 - Audit reports of accountants: Permanently
 - Bank statements: 10 years
 - Bond records: Â ledgers, transfer payments, stubs showing issues, record of interest coupon, options, etc.: Permanently
 - Cash books: 10 years
 - Checks (canceled, with exception below): 10 years
 - Checks (canceled, for important payments; i.e., taxes, purchase of property, special contracts, etc. [checks should be filed with the papers pertaining to the underlying □ transaction]): Permanently
 - Contracts and leases (expired): 10 years

- Contracts and leases still in effect: Permanently
- Correspondence, general: 4 years
- Correspondence (legal and important matters): Permanently
- Depreciation schedules: 10 years
- Donation records of endowment funds and of significant restricted funds: Permanently
- Donation records, other: 10 years
 [Note: Donation records include a written agreement between the donor and the charity with regard to any contribution, an email communication or notes of or recordings of an oral discussion between the charity and the donor where the representative of the charity made representations to the donor with regard to the contribution on which the donor may have relied in making the gift.]
- Duplicate deposit slips: 10 years
- Employee personnel records (after termination): 7 years
- Employment applications: 3 years
- Expense analyses and expense distribution schedules (includes allowance and reimbursement of employees, officers, etc., for travel and other expenses: 10 years
- Financial statements (end-of-year): Permanently
- General ledgers and end-of-year statements: Permanently
- Insurance policies (expired): Permanently
- Insurance records, current accident reports, claims, policies, etc.: Permanently
- Internal reports, miscellaneous: 3 years
- Inventories of products, materials, supplies: 10 years
- Invoices to customers: 10 years
- Invoices from vendors: 10 years
- Journals: 10 years
- Minute books of Board of Directors, including Bylaws and Articles of Incorporation: Permanently
- Payroll records and summaries, including payments to pensioners: 10 years
- Purchase orders: 3 years
- Sales records: 10 years
- Scrap and salvage records: 10 years
- Subsidiary ledgers: 10 years
- Tax returns and worksheets, revenue agents reports, and other documents relating to determination of tax liability: Permanently
- Time sheets and cards: 10 years
- Voucher register and schedules: 10 years
- Volunteer records: 3 years

The Treasurer shall maintain a listing of the location of the records in the Church office. (Board approved July 2013)

RISK MANAGEMENT

POLICY: Annual Review or Audit

Per the bylaws Article VIII, Section 3d the Board of Trustees shall provide for an annual audit of the financial records of the Church. A committee will be appointed by the Board of Trustees of members who do not serve as Treasurer or on the Finance Committee to review the financial records of the Church per an approved procedure. (Board approved July 2013)

POLICY: Insurance Coverage

The Church shall purchase appropriate insurance protection to insure against theft and casualty losses and against liability losses. This insurance protection includes but is not limited to Workers Compensation insurance, Property and Casualty insurance, and Liability insurance. Officers and Directors insurance will be maintained to indemnify the Board of Directors. (Board approved July 2013)

POLICY: Protection of data (backup) assets, combinations, passwords, keys

Financial and operational documents shall be filed and retained in a secure location. Non-current records shall be maintained per the records retention policy.

Keys to locked file cabinets shall be in the possession of the Church Administrator and the Minister.

Passwords for on-line banking and brokerage account shall be maintained by the Treasurer or Bookkeeper. Passwords for Church computers, software and internet accounts shall be maintained by the Church Administrator and Bookkeeper.

All computers that contain Church data will be backed up off-site. (Board approved July 2013)

POLICY: Safeguarding Assets

The Finance Committee and the Treasurer shall have primary responsibility for ensuring that proper Financial Management procedures are maintained and the financial policies carried out, shall provide fiscal oversight of the assets of the

Church and shall have primary responsibility for insuring that all internal and external financial reports fairly presents its financial condition. (Board approved July 2013)

POLICY: Safety of Church Receipts

All monies turned into the office for deposit shall be restricted to the locked compartment. No Church monies should be kept overnight in any other area or department. (Board approved July 2013)

GENERAL FINANCIAL POLICIES

POLICY: Unrelated Business Activity

Some income producing activities may produce taxable income. All income producing activities contemplated by the Church must be carefully considered by the Finance Committee and Board of Trustees to determine whether they will produce taxable income. (Board approved July 2013)

POLICY: State registration, governmental and other reporting

The Church shall file all pertinent tax and informational reports as required by the state and federal government such as the annual report to the state of Kansas. Churches are not required to file the Federal 990 form. (Board approved July 2013)

POLICY: Contracts

All contracts outside of the day-to-day operating contracts must be approved by the Board and signed by the President or his/her designee. Competitive bids shall be obtained for items in excess of \$1,000. Selection shall be based on cost, service and other elements of the contract. The Church may award a contract to any provider and is not required to accept the lowest cost proposal. (Board approved July 2013)

POLICY: Conflict of interest

The standard of behavior of the Church is that all staff, volunteers, and board members scrupulously avoid any conflict of interest between the interests of the Church as an organization, and personal, professional, and business interests. This includes avoiding actual conflicts of interest as well as perceptions thereof. (Board approved July 2013)

This document was created with Win2PDF available at <http://www.win2pdf.com>.
The unregistered version of Win2PDF is for evaluation or non-commercial use only.
This page will not be added after purchasing Win2PDF.