

**Financial Policies
& Procedures**

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SECTION 1: FINANCIAL STRUCTURE AND POSITIONS

The administrative staff of the Church is comprised of three positions: Treasurer, Business Manager, and Office Manager. All except for the Treasurer are paid staff.

Treasurer: Responsible for safeguarding church assets, signing checks and communicating financial matters to the Church Council and congregation.

Business Manager: Oversees day-to-day financial and facility operations of the church. Reports to the Treasurer, Pastors, and the Board of Trustees. Performs bank reconciliations and prepares monthly financial reporting. Responsible for external reporting of church financial information. Records all income and expenditure transactions, prepares disbursement checks, payroll and contribution statements.

Board of Trustees: Oversees all financial activities and office operations. Receives financial reports and analysis from the Business Manager. Approves financing and long-term financial agreements. Makes recommendations to the Church Council for congregation approval.

SECTION 2: BUDGET PROCESS

A budget is prepared on a calendar year basis. With the assistance of the Business Manager and Treasurer, the Trustees prepare a proposed budget based on input from the Church Council, clergy and staff. Consistent with the schedule set in the church by-laws, the congregation approves the budget and receives pledges prior to the beginning of the budget year. In January, the trustees and council review the pledges and make a decision as to whether the budget is viable according to the pledges received.

In June, the Business Manager prepares summaries of revenues and expenditures for use by committees in order for them to present amounts for budget items according to prior year requirements. The clergy furnish information relative to new members and additional giving units that the church will expect in the next calendar year.

SECTION 3: ROUTINE FINANCIAL PROCEDURES

I. Sales Tax Reporting

The church is a non-profit 501(c)(3) which qualifies to receive a refund for state and county sales tax paid. The refund is applied for as follows:

Semi-annually the Treasurer files a claim for refund of sales taxes paid. The form is due April 15th for the period July through December and October 15th for the period January through June.

The sales tax paid is tracked by using an accounts receivable account. The amount of the sales tax should be indicated on the purchase order. The Business Manager enters the sales tax as a debit to accounts receivable.

When the refund is received the cash account is debited and the accounts receivable account is credited.

Sales tax paid on invoices from contractors on a construction project is refundable. It may be necessary to get copies of the invoices from the contractors if they are not supplied to the church.

II. SUNDAY COUNTING PROCEDURES

1. Counters collect offering from the plates on the Communion table in the sanctuary and take the offering to the office.
2. On the Sundays La Mesa meets separately, a person attending that service is designated to take the La Mesa offering to the office to be counted with the offering from the sanctuary.
3. Add the checks and cash from the locked drawer to the offering. (Coins should be left in the drawer.) The cash counting form, deposit book and another copy of these instructions can be found in the locked drawer.
4. Coins can be placed in the basket in the drawer. Use the counting form to record each item of **cash**. General offering cash should be totaled by denomination at the top of the form. Cash designated for specific purposes (such as a special offering or an event) should be totaled for each purpose and listed separately on the form.
5. Total the general offering cash and the cash designated for special purposes to get a cash total.
6. Stamp the backs of all checks for deposit.
7. Photocopy **all** checks. Please use the 8 ½ X 11 paper so that the reports will fit in the file cabinet. Double check the copy machine to be sure that you have removed all of the checks. (Occasionally a few checks have

- been left in the machine, and have had to be deposited later, making the day's deposit incorrect.)
8. One Trustee should total the check amounts on one calculator while the other Trustee totals the photocopied check amounts. Make sure both calculators are set on "print" to produce a tape of the calculation and total.
 9. Compare the totals; if totals do not match, review the tapes to reconcile the difference and reach a final correct total.
 10. Record the check total on the counting form and enter the final total for checks and cash at the bottom.
 11. Complete a deposit slip and put it into the night deposit bag with the cash and checks. Complete information on the front of the bag and seal. Tear off the receipt slip, complete the information and attach the receipt slip to the count report.
 12. Paper clip together the completed counting form; photocopied pages of the checks; a copy of the calculator tape showing the check total; and the receipt slip from the night deposit bag. Place this packet in the Business Manager's mailbox.
 13. Take the bag to First Citizens Bank on the corner of Franklin Street and Elliot Road and place in night deposit.

Note: The offering from the first service should be locked in the counters' drawer between services. One counter will keep the desk key until you meet again after 11 AM service.

III. OFFERING FOR SPECIAL EVENTS/SERVICES

For special events, such as concerts, the sponsoring church board or committee will designate two members to collect the offering at the event.

Cash and checks should be sealed in an envelope with a copy of the special offering form that shows the event, date, and the names of the board members who collected the offering. The envelope should be placed in the locked counters' drawer in the office for midweek deposit.

IV. DEPOSITS

Deposit of contributions collected in the Sunday services will be deposited by one of the trustees as described in subsection II.

The Business Manager with the assistance of the Treasurer or another member of the pastoral or administrative staff will make a midweek deposit of funds received between Sunday services, including the offering from any special event. The Business Manager uses the same counting and deposit procedures used by the Counting Committee.

V. ONLINE PAYMENTS

All online payments are processed through the UCCH website by Vanco Services and an email is sent to the Business Manager recognizing a payment is in process. A second email is received once payment is final and states deposit date, amount, fund and giver to the UCCH bank account. The Business Manager prints out a deposit posting confirmation and files it in the deposit file cabinet

VI. REFUNDS

All requests for refunds are processed back through the ACS system and posting sheets are attached in the general journal folder for bank reconciliation.

VII. STOCK GIFTS

When a gift of publicly traded stock is received, it is transferred to the First Citizens Brokerage Account. Stock is sold immediately upon receipt and the funds transferred to the proper account.

The Business Manager sends a letter to the stock contributor acknowledging the shares received and the date received. This letter also includes the fund to which this contribution is recorded. The letter specifies the amount received net of the brokerage charges.

Account information for stock gifts:

First Citizens Investor Services:
Title: United Church of Chapel Hill
Acct. #: 4KV-226033
DTC#: 0443

SECTION 4: INVESTMENT POLICY

1. Invested funds will be managed by the Board of Trustees who shall have the authority to employ the United Church Foundation or other organizations which they feel to be appropriate for handling church investment prudently.
2. The assets of the Church will be invested with the care, skill and diligence that a prudent person acting in a like capacity familiar with such matters would use in the investment of a fund or similar character and with similar aims.

3. The Treasurer and Business Manager implement the Investment decisions made by the Board of Trustees.
4. The primary investment objective is the preservation of principal and the achievement of a reasonable return after allowing for annual inflation and the cost of investment management. Liquidity is also desirable.
5. The Board of Trustees will avoid all conflicts of interest regarding investment vehicles. The interest of the congregation will be the guiding concern.
6. In so far as possible, Church investments will be managed on a total return basis, which includes income and capital appreciation. The average market value for each investment will be obtained annually on December 31. Each year the Board of Trustees will request the organization that handles the Church investments to determine the annual withdraw of income and capital appreciation limits for the Endowment and Foundation funds.

SECTION 5: CONTRIBUTIONS

I. ENTERING CONTRIBUTIONS

1. Contributions are entered into the ACS Contribution Module the week following bank deposit of the contributions.
2. Online contributions are entered into the ACS Module after receiving notice of the deposit date from Vanco Services.
3. Contributions are entered by member (if applicable) fund code.
4. Loose offering (or plate) dollar amount is posted to a general non-pledged income.
5. After contributions are entered, a proof list is run to verify name, dollar amount and fund code. If no corrections are required contributions are posted to the general ledger.

II. CONTRIBUTION STATEMENTS

Statements are provided on a semi-annual basis. The first time is in the April or May timeframe to allow contributors to monitor their progress toward the annual pledge goal. An additional statement is sent close to year-end for the same purpose. The Business Manager runs the statements.

The IRS Charitable Tax Report is sent to all contributors at year-end. These statements must be mailed by January 31 of the following year.

III. CONTRIBUTIONS FROM A CHARITABLE FUND

Checks from charitable gift funds are entered into ACS as non-deductible with a description as to charitable gift contribution. Fund gifts can be applied against pledges, but the gift will be excluded from the charitable contribution statement since the monies would have already been counted as a charitable contribution when they were placed in the charitable gift fund.

SECTION 6: ACCOUNTS PAYABLE

I. REQUESTS FOR PAYMENT OR REIMBURSEMENT/CHECKS

When a check is needed a "Request for Payment or Reimbursement" is prepared which gives information relative to the amount requested, the payee for the check, and the budget line item to be charged, and a brief description.

This request is signed and dated by the appropriate committee member, trustee, council member, clergy person, Treasurer, or staff member. This information is given to the Business Manager who prepares a check according to the request with a 3-part ACS check. A check stub is attached to the original invoice and/or statement and the "request for payment." This information is stapled together and submitted with the check to an authorized check signer.

Authorized check signers include: Treasurer, Moderator and others authorized by the Board of Trustees. The Business Manager should review the list of authorized check signers annually to be sure that information on file with the bank is current and reflects any change in those positions.

The check signer reviews the documentation for reasonableness; checks the budget allocation; initials documentation; signs the check; and returns it to the office manager for mailing. The check stub and supporting documentation are returned to the Business Manager for filing.

II. VOIDED CHECKS

All voided checks, whether voiding is due to errors, ripping, or damage are marked "Void" with a pen and kept for reconciliation purposes. The voided check is also entered as void into ACS.

III. SAFEGUARDING OF BLANK CHECKS

When checks are not being prepared, any blank, unused checks are kept in a locked file cabinet to prevent their theft or misuse.

SECTION 7: PAYROLL

The Business Manager is given information about salaries approved for all church staff at the beginning of the calendar year. The United Church Preschool (UCP) also furnishes this information for its employees. The bookkeeper gathers time information on a monthly basis in order to call in the payroll to the outside payroll service, ADP. A file is also kept which contains W-4's and NC-4's for all employees.

Either the Treasurer or his designee periodically reviews the payroll information.

The Business Manager calls in the payroll information to ADP on a monthly basis, receives the checks, and distributes them.

SECTION 8: BANK TRANSFERS

The Church has made arrangements with our bank to have the ability to debit bank accounts of members for contributions. Members must fill out a form that includes the appropriate information (bank, account number, routing number, dollar amount, purpose, etc.) for contributing via ACH bank transfer. These transfers are performed monthly on the 2nd Monday of the month and are executed by the bank on the next day. The Business Manager performs these transfers and prepares a report for the bookkeeper who enters the contributions in ACS.

SECTION 9: RECONCILIATION

The Business Manager opens banks statements, reviews the canceled checks and performs the reconciliation. Any required corrections and/or adjustment, including any required journal entries are made on an as needed basis to reconcile accounts to the appropriate detail.

SECTION 10: FINANCIAL REPORTING

On a monthly basis the Treasurer prepares a balance sheet and income and expense statement for the trustees and council. (A sample statement is attached as Attachment A.)

SECTION 11: DESIGNATED ACCOUNTS

The treasurer keeps a history of designated accounts. The history should include information relative to the name of the account; the account number; the purpose of the fund; the process for allocating funds in the account; and other information as deemed appropriate. At year-end, the treasurer should review the balances in the designated accounts with those Church committees or boards responsible for fund establishment and expenditures. (A list of the designated accounts is attached as Attachment B.)

SECTION 12: PAYMENTS FOR YOUTH ACTIVITIES/TRIPS/OTHER EVENTS

Leaders or organizers who collect fees for youth activities, trips or other special events should put the cash and checks in an envelope that designates the purpose of the funds and bring the envelope to the church office either during normal office hours when a member of the staff can receive the funds or immediately following a Sunday service when Trustees are counting the offering.

A copy will be made of the checks and a receipt prepared for any cash receipts. The monies will be handled and deposited under the same procedures used by the Trustees for a Sunday deposit or by the Business Manager for a mid-week deposit.

The leader or organizer of the event should maintain a list of individuals who have paid. Copies of the checks and receipts for cash payments will be kept on a file until the event takes place.

The monies are accounted for on the weekly count sheet and are posted to the appropriate budget line item.

SECTION 13: FUNDRAISING EVENTS (Alternative Christmas Market and others)

Fundraising for UCCH programs: Checks should be made payable to UCCH. Both checks and cash will be handled as described for the Sunday offering or midweek deposit.

Independent Vendors: When independent vendors participate in a church event, such as the Alternative Christmas Market, payment is made directly to the vendor

and checks are made payable to the vendor. The vendor should notify the Business Manager of the amount.

Fundraisers for external organizations (such as Habitat for Humanity): When UCCH business office staff handle donations raised for an organization external to UCCH and its programs, the church will charge a 5% handling fee.

ATTACHMENTS

Attachment A: Sample income and expense statement prepared by the Business Manager

Attachment B: List of designated accounts