

**The Unitarian Church in Westport**

**FINANCIAL POLICIES**

November 10, 2015

Approved November 18, 2015 TUCW Board of Trustees

## Table of Contents

1. Introduction .....	3
2. Division of Responsibilities .....	4
3. Income and Other Cash Inflows .....	7
4. Expenses and Other Cash Outflows .....	8
5. Procurements .....	10
6. Budget Process .....	13
7. Cash Accounts and Reserves.....	15
8. Investments and Loans .....	16
9. Inventory, Accruals, Depreciation .....	16
10. Revisions and Amendments .....	16

## 1. Introduction

The purpose of this manual is to describe all financial policies currently in use at TUCW and to ensure that the financial statements conform to generally accepted accounting principles; assets are safeguarded; guidelines of grantors and donors are complied with; and finances are managed with accuracy, efficiency, and transparency.

All TUCW's staff and volunteers with a role in the management of fiscal and accounting operations are expected to comply with the policies and procedures in this manual.

These policies will be reviewed and revised as needed by the staff and Finance Committee and will be approved by both the Finance Committee and Board of Trustees.

### ***Fiscal Year***

The fiscal year for TUCW shall be July 1 to June 30.

### ***Financial Officers Policy***

The Board of Trustees shall elect annually such financial officers as may be essential to fulfill the financial management needs of the congregation, including a Treasurer and an Assistant Treasurer as may be appropriate.

The Board shall, for each officer, establish their duties with job descriptions and assure they function within the financial policies of the congregation.

### ***Procedures Manual***

The TUCW Financial Procedures Manual will be produced by the Director of Operations. It will be reviewed and updated no less than every 3 years. It will be approved by the Finance Committee.

### ***Definitions***

- **Budget** – Refers to the expenditure amounts approved by the Congregation at a specific level. Budgets exist at the following levels:
  - **Line Item** – budget for a specific, non-summarized General Ledger (“GL”) account. Certain committees have their own Line Item, such as YRSC and the Board of Trustees. In these cases, their line item is also referred to as a **Committee Budget**.
  - **Budget Line** – Predefined sum of a set of Line Items, which group similar items together for planning purposes. The Budget presented to the Congregation is at the Budget Line level.
  - **Operating Budget, Annual Budget or Annual Operating Budget** – The total expenditures, by Budget Line, and estimated total income anticipated for the next fiscal year. It is approved annually by the Congregation for the operations of TUCW.
  - **Class Budgets (also used for Programs)** – Predefined subsets of the income statement, which when summarized, equal the Operating Budget. The Classes are: Religious Education, Social Justice, Music, Memorial

Garden, Church Services & Ministry, and General & Administrative Expenses.

## **2. Division of Responsibilities**

The following is a list of committees and personnel who have fiscal and accounting responsibilities:

### ***Board of Trustees***

- Reviews and approves sending the Annual Budget for congregation vote.
- Reviews and approves all liens on property and issuance of any debt or entering into a mortgage.
- Reviews annual and periodic financial statements and information through the monthly Treasurer's Report.
- Reviews Senior Minister's performance annually and establishes the salary through the Annual Budget process.
- Has sole authority to determine which persons (staff, volunteer or contractor) have the authority to sign for, commit and/or officially represent TUCW externally; two members of the Board will be appointed by the Board to be authorized signers on the bank accounts, one being the Treasurer.
- Is accountable to the congregation for the conduct of the program and business affairs of the congregation and the use of its property.
- Approves use of general and facility-related reserves as recommended by the Finance Committee.
- Makes requests to the Endowment Committee for any distributions.
- Reviews and assesses any required shifts in expenditures during the fiscal year.

### ***Treasurer***

- Reviews internal controls and accounting policies and procedures.
- Is primary advisor to BOT on financial issues.
- Notifies BOT when expenditures require congregational votes.
- Is fully knowledgeable on church's accounting and pledge tracking systems.
- Is fully knowledgeable on cash handling and counting procedures.
- May be second signatory on checks over \$3,000 (excepting regular salary and pension checks). If not available, Assistant Treasurer or other authorized signer may fill in.
- Prepares monthly financial reports based on Director of Operation's reports, indicating the financial well-being of the congregation and provides to the Board of Trustees.
  - The monthly report to the Board of Trustees will include a comparison of YTD performance by Budget Line vs. the Budget using the most recently available information given the timing of the BOT meeting.
- Presents Finance Committee's Annual Budget recommendation to the BOT.
- Presents final BOT Annual Budget recommendation to congregation at the Annual Meeting.
- Authorized signatory on all bank accounts (except Minister's Discretionary Fund).

- Together with Director of Operations ensures implementation of any audit recommendations.
- Sets the annual canvass target.

### ***Finance Committee***

(see also the Finance Committee Charter)

- Reviews and approves all financial reports on a monthly basis.
- Oversees the development of the Annual Budget. Develops budget recommendation to be presented to the BOT.
- Provides an update to the BOT during the year on forecasted year-end income and expenditures.
- Reviews any allocations or spread of overhead or indirect costs to classes.
- Reviews insurance policies (property & casualty, liability) annually with Director of Operations.
- Determines the budget for a professional audit and jointly with the Audit Committee determines the frequency and scope of such audit.
- Recommends use of general and facility-related reserves to the BOT.
- Reviews investment strategy on non-Endowment funds not less than annually.
- Recommends Endowment disbursements to BOT.

### ***Auditing Committee***

(see also Audit Committee Charter)

- Establishes the scope of an audit of a previous fiscal year by a professional auditor occurring not less than once every two years.
- Performs the internal audit only on fiscal years where a professional audit is not occurring.
- Selects and engages the audit firm, in consultation with the Finance Committee.

### ***Endowment Committee***

(see also Endowment Committee Charter)

- Chief stewards of the funds designated as contributions to the Endowment.
- Follows prudent investor rules for the investment strategy for Endowment Funds.
- Follows the agreed upon distribution policy; makes disbursements based only on approved requests from the BOT.
- Maintains accurate and complete financial records of Endowment Funds, including donations, disbursements, interest, dividend and capital gains, fees as documented in brokerage statement. Such statements will be held at the TUCW offices. Reports this information to the congregation in the Annual Report and during mid-year congregational meetings as requested.
- All endowment assets are to be reflected in the TUCW Balance Sheet in compliance with Generally Accepted Accounting Principles (GAAP).

### ***Director of Operations***

#### ***Financial Statements and Reporting***

- Prepares monthly financial statements within 10 business days of fiscal month end.

- Makes monthly presentation to finance committee, highlighting notable developments, including cash position.
- Logs weekly Sunday Service attendance based on usher tallies and updates Treasurer each month.
- Prepares interim year-end forecast(s) for income and expenditures no later than March 30, or at the request of the Board of Trustees.

#### Receivables and Payables Procedures

- Is on site signatory for all bank accounts. Reviews and signs all checks (up to \$3,000 with one signature).
- Supervises Accountant to maintain accurate and complete financial records including donations, disbursements, interest, and fees as documented in financial statements.
- Ensures compliance with tax codes.
- Facilitates internal and external audits together with Accountant.
- Reviews and approves all reimbursements and expense requests.

#### Insurance/Taxes

- Ensures all insurances (property/casualty and general liability) are up to date and at an appropriate level.
- Maintains current inventory list of all church assets in excess of \$5,000.
- Ensures all required tax forms are filed in a timely basis.
- Files any applicable claims from insurance policies.

#### Budget

- Monitors Class Budgets and ensures regular communication to the Class Budget leaders.
- Assists Finance Committee with the development of Operating Budgets. During the Annual Budget process, works with Class area budget leaders to plan level and timing of expenses. Proposes methodologies for overhead and indirect cost allocation to classes.
- Monitors and makes recommendations for asset retirement and replacement.

#### Financial and Operational Leadership

- Reviews and manages monthly cash flow. Alerts Finance Committee if cash balances are projected to fall below 3 months' operating expenses.
- Reviews and ensures adherence to internal controls and procedures. Makes recommendations to Finance Committee regarding necessary updates/changes. Ensures leaders are aware of internal controls.
- Reviews and approves non-canvass fundraising proposals, together with Senior Minister and Chair of Stewardship committee, and ensures all fundraising teams are aware of internal control and cash management procedures.
- Oversees all accounting staff
- Together with Treasurer, ensures implementation of any audit recommendations.
- Reviews all payrolls and is responsible for all personnel files.

- Supervises the issuing, monitoring and collection of church credit cards, including establishing credit card limits.
- Reviews all grant or government applications prior to submission to a funding source to ensure accuracy and compliance.
- Ensures periodic receipts of Endowment Funds financial statements.

### **3. Income and Other Cash Inflows**

Income generally arises from such sources as donor contributions, (e.g pledges, plate collections, non-pledge donations), rental of church facilities, pass-thru donations collected by TUCW on behalf of other charitable entities, and fundraising activities.

#### ***Pledges***

- Pledges must be made in writing, either via letter, email, or pledge card. Verbal pledges will not be accepted.
- Pledge payments will first be applied to the fiscal year for which there is an unfulfilled pledge.
- Pledges must be paid in funds (ie check, bank bill pay etc) or securities from the donor (or the donor's designee) to TUCW. Personal provision of services, while greatly appreciated, cannot be credited toward a pledge commitment.

#### ***Non-Pledge Donations and Bequests***

- TUCW follows the "fund accounting" method which defines accounting classes. Each Class has a budget (the "Class Budget") and a leader as defined below:
  - RE Class - Director of Religious Education
  - Music Class - Minister of Music
  - Memorial Garden Class – committee chair(s)
  - Social Justice Class - Director of Social Justice
  - G&A Class (including subclasses-Buildings, Grounds and some line items for committees) - Director of Operations
  - Church Services & Ministry Class - Senior Minister
- Legal restrictions on donations, including bequests, will be limited to existing accounting Class areas, the Minister's Discretionary Fund, and the Endowment.
  - Donations with any further restriction other than accounting Classes (i.e. a carpeting for the Meeting House or plants for the Memorial Garden) will be treated as a preference and requires approval of the relevant Class Budget leader. Every effort will be made to meet the preference of the donor in the expenditure of those funds. The donor understands that any restriction beyond accounting Class is not legally binding.
  - Restricted donations to pay additional moneys to a specific TUCW staff member will not be accepted.
- Unrestricted bequests are treated as unrestricted income for use by TUCW.

#### ***In-Kind Donations***

- Donations of items valued at over \$400 for use at TUCW require approval of the relevant committee or staff person responsible for the area prior to its arrival.

- The donor must provide the value of the item and TUCW will provide an acknowledgement for tax purposes.

### ***Handling of Proceeds and Cash Donations***

- Gross proceeds from fundraisers, ticket sales, plate collection, donations for pass thru charities or other receipts are:
  - Collected and tallied by the team responsible in accordance with TUCW cash handling procedures (as defined in the TUCW Financial Procedures Manual) and verified by the Accounting staff.
  - The Fundraising team will turn in gross proceeds to the TUCW office. Under no circumstances may expenses be netted from proceeds before depositing with the TUCW Office.
- Expenses will be reimbursed per TUCW policy upon receipt of a check request form with appropriate documentation as defined below.
- All contributions, whether designated directly for TUCW or given to TUCW with the intention to pass through to other charities, are recorded and handled in accordance with TUCW financial policies and procedures.

### ***Love Offerings***

- Ministers with 10+ years of service will be the only staff eligible to receive Love Offerings, defined as an organized collection of donations/gifts from congregants exceeding \$1,000 in total value.
- Love offerings include gifts solicited from the entire congregation or any subgroup.
- All love offerings require Board of Trustee approval.
- Love offerings do not flow through the church accounting records and are not tax deductible. No love offering checks may be made payable to the church.
- Realm, the church directory, or other church contact information databases may be used to obtain congregant contact information for Board-approved love offerings. These resources may not be used for other private solicitations.

### ***Rental Policy***

- The Director of Operations will ensure that any short or long term facility rentals have appropriately priced, signed contract and are current (within 45 days of usage) in their payment, in accordance with signing limits defined below.
- See Table 3 for rental approval levels.
- No other staff members or volunteers other than the Director of Operations or Scheduling Manager shall commit the church to facilities rentals.

## **4. Expenses and Other Cash Outflows**

### ***Operational Expenses***

- All approved vendor invoices are paid within 30 days of receipt.

### ***Class and Committee Expenses***

- Committees with their own Line Item Budgets (only YRSC, the Board of Trustees currently) and Classes (as defined above) may only incur expenses up to the amount provided by the Annual Budgeting process. Expense requests must follow the approval requirements detailed in the Procurements section.
  - Regardless of amount, the Director of Operations reviews and approves all requests.
- Committee chairs and Class Budget leaders (defined above) are responsible for ensuring compliance with their Class or Committee budget limits and approving all expense requests arising out of their committees/classes.
- A congregant or staff member may submit a check request for reimbursement of expenses only with prior approval of the appropriate Committee chair for those with Line Item Budgets and/or Class Budget leader.
  - All expense request reimbursements must be for reasonable and customary expenses, using UUA guidelines where applicable.
  - Generally, TUCW does not reimburse mileage to volunteers. Exceptions may be granted for specific one-time extended-distance trips. Exceptions and approval must be granted prior to the date of travel. Reimbursement would be based on current IRS Standard Mileage Rates.
  - Any items purchased and reimbursed to the individual become property of TUCW.
  - Request for expense reimbursement must be submitted within 90 days of purchase.
  - Reimbursement or payment requests require 7 days advance notice.
- Committee chairs and Class Budget leaders are responsible for obtaining their budgetary information from the Director of Operations or Treasurer.
- A check request form is used for both reimbursements as well as requesting a check to pay an invoice or for use of the TUCW credit card. No reimbursements are to be paid out of any cash collected or gross fundraising proceeds.
- Certain expenses, such as utilities, contracted services will be allocated to the class or committee using them. Direct staff time cost is booked to the class as it is used by the Class.

### ***Fundraising Expenses***

- The following policies apply to all fundraisers hosted by TUCW, regardless of whether the proceeds are designated for TUCW or for other charitable entities.
- Reimbursements for TUCW fundraiser costs are allowed only for pre-approved fundraisers. All requests begin with submission of details on a TUCW Fundraiser Approval Form. Approval levels are shown below. All proceed amounts reflect aggregate gross proceeds of an event or a series of similarly themed events.
  - Under \$1,000 – Director of Operations and Senior Minister
  - \$1,000 - \$10,000 – Above plus YRSC Chair
  - \$10,000+ - Above plus Board of Trustees
- Ongoing fundraisers that have multiple events within the year and are expected to have gross income of more than \$10,000 per year are permitted to have a separate bank account to allow for timely and secure expense payments.

- Currently only one TUCW organized fundraiser is ongoing, Voices, for which the Director of Social Justice is responsible.
- The individuals designated as responsible for these ongoing fundraisers must indicate the designation of funds on the fundraising form. All designations will be executed at the end of the fiscal year.
- Cash advances are prohibited. All check requests require a receipt or invoice and must be submitted within 90 days of purchase.
- Certain expenses, such as utilities, contracted services, will be allocated to the fundraiser using them. Direct staff time costs are booked to the fundraising event sub-Class.

#### ***Usage of TUCW Credit/Debit Card and Direct Debits***

- Any request for use of a TUCW credit card will be reviewed and approved by Director Of Operations.
- The use of direct debit is to be avoided with the exception of payroll running through Paychex. Any requests for direct debit will be reviewed and approved by Director of Operations.

#### ***Payroll and Benefits Payments***

- These payments are pre-approved in the budgeting process. Staff time and the resulting costs are booked into their appropriate Classes. These costs are direct expenses for those Classes and are determined in the budgeting and planning process.
- Salary advances are prohibited.
- The Finance Committee consults with the Human Resources committee on policy changes and their related financial impact.
- The Treasurer, Senior Minister and Director of Operations are responsible for determining the compensation package for the Annual Budget.

#### ***Denominational Payments***

- UUA and Metro district payments are set through the Annual Budget process.
- The Finance Committee may recommend to the BOT to withhold some or all of the budgeted payment if there is concern about liquidity or maintaining a balanced budget.

## **5. Procurements**

- TUCW may solicit bids from congregants and their affiliated parties. If bids are solicited from any congregant, they must be offered to all congregants through congregation-wide communication such as an e-blast or monthly newsletter. TUCW does not have any obligation to solicit bids from congregants.
- All business relationships with congregants will adhere to the Conflict of Interest policy.

- TUCW will consider other factors beyond just the financial in choosing a vendor, such as longevity of vendor relationship, and vendor's management/ administrative abilities.

### ***Regularly Recurring Work & Services Approvals***

- Regularly recurring work and services are to be procured, and managed by the Director of Operations, subject to the approval conditions in Tables 1 and 2 below.
- Recurring work is incorporated into the Annual Budget, which is recommended by the Finance Committee, approved by the Board of Trustees and the Congregation.
- Rate increases on recurring work or services (such as utilities) may occur during the year. The Director of Operations informs the Treasurer and/or Finance Committee of any cost increases as soon as possible. These and other facility-related costs are allocated at an appropriate level to groups making use of the sanctuary.

### ***Non-Emergency Procurements Approvals***

- Non-emergency work/procurements \$1,000- \$5,000
  - At least 2 vendor quotes will be procured. The vendor will be selected by the Director of Operations.
  - Any cost overrun of more than 25% of the original scope will require approval by the Treasurer. The Treasurer will share all cost overrun information with the Finance Committee.
- Non-emergency work/procurements between \$5,000 - \$10,000
  - 3 vendor quotes will be procured by the responsible Class Budget Leader, or B&G if facility related. The Director of Operations will be an active participant in assessing these quotes. The final decision on vendor will be made jointly by the Class Budget Leader/B&G Committee and the Director of Operations.
  - Any cost overrun of more than 10% of the original scope will require approval by the Treasurer. The Treasurer will share all cost overrun information with the Finance Committee.
- Non-emergency work /Procurements > \$10,000
  - Same as above except Class Budget leaders/B&GC will make a recommendation to the Board of Trustees for approval.
  - Any cost overrun of more than 5% on the original scope or an increase which increases the project over \$10,000 will require approval by the BOT.

### ***Emergency Work Approvals***

- An emergency is an unpredicted situation that requires remediation within several days in order to address damage (imminent or actual) to church assets. It also includes situations that are an immediate threat to health and safety, impediments to the normal functioning of the church (i.e. broken heaters in winter, etc.), or in response to legal/regulatory violations (i.e. fire code, etc.).
- In an emergency, the Director of Operations proceeds with procurement of required emergency-related repair service up to the level of \$5,000 without obtaining multiple vendor quotes.
- If above \$5,000, the Director of Operations will make the decisions together with the Treasurer and BOT Chair. When this authority is utilized, the Director of Operations

shall inform the Finance Committee which shall in turn inform the Board of Trustees at its next regularly scheduled meeting.

### **Contract Signing Authority**

- **Authorized Signatories:** The authority to approve and sign contracts on behalf of TUCW rests with the following positions, subject to the conditions of Tables 1 and 2 below:
  - the Treasurer
  - the Senior Minister
  - the Director of Operations
  - For the Endowment Committee: The Endowment Chair and Endowment Treasurer are Authorized Signatories.
- Authority to sign a contract has no bearing or implication on budget authority. Signers are required to ensure that all contract obligations fall within their approved budget per Table 1 or Table 2. Any questions on budgets or funding for a contract should be directed to the Director of Operations or Treasurer before the contract is signed.
- Authorized signers shall be familiar with and comply with TUCW contracting requirements listed below. No contract over \$10,000 may be signed that promises exclusivity of services or products or that cannot be canceled, prior to review by counsel, or a consulting risk manager.
- No person who is not an authorized signatory may enter into binding contract negotiations, or approve or execute a contract on behalf of TUCW, without explicit written permission from the BOT or the Senior Minister. Those signing without such authority may incur personal liability, suspension of committee duties, or may be subject to disciplinary action including termination.
- **Signing Limits:**
  - Director of Operations and Treasurer have the authority to sign properly approved contracts for goods, services or rental of up to \$10,000. Director of Operations approval is required for all signatures.
  - The Senior Minister has authority to sign properly approved contracts for goods, services or rental \$10,000 - \$25,000, after review and written approval from Director of Operations.
  - The officers of the Board of Trustees have authority to sign properly approved contracts for goods, services or rentals over \$25,000, after review and written approval from Director Operations and Senior Minister.
  - The preceding conditions apply to the aggregate of all payments obligated under the contracts for goods and services, with any one business entity.
- **Delegation of Authority by Authorized Signatories**
  - Contract signing authority may only be to officers of the BOT, the Senior Minister, or the Director of Operations. An assigned signatory authority may not be reassigned to a third person.
  - All delegations of authority shall be documented in writing, and, are given only for the stated contracts and identified limits.

## ***Contracting Requirements***

At a minimum, product and service related contracts over \$10,000 shall include:

- Detailed scope of product / service being purchased. Where applicable, should include measured work areas and quality/brand of materials being used.
- Anticipated start date and duration.
- Detailed cancellation policies, including terms regarding deposits.
- For facilities related work: liability insurance provided by vendor.
- Appropriate payment terms with limited upfront payments.
- Full price of contracted product / service. Hourly contracts are to be avoided where possible.

## **6. Budget Process**

- The Finance Committee prepares and recommends an Annual Operating Budget comprised of Budget Lines (as described in the Definitions section above), to the Board of Trustees for preliminary approval prior to the Annual Meeting.
- The Finance Committee holds a congregational meeting at least a week prior to the Annual Meeting to present the Board-approved Annual Operating Budget, with Budget Line detail ,to the congregation and to answer any questions and accept feedback.
- Changes to the Budget Lines approved in the Annual Operating Budget after approval:
  - The Annual Operating Budget is considered to be a covenant with the Congregation, with best efforts made by all responsible parties to adhere to the approved Operating Budget.
  - **Unintentional Overrun:** Certain expenses, such as utilities, emergency facilities repairs, snow plowing costs, etc. are understood to be outside the full control of the budget leaders. All reasonable efforts will be made to adhere to the budgeted amounts and to provide accurate and timely projections to the Finance Committee of any anticipated cost overruns.
  - **Intentional Overrun:** Based on evolving trends, new developments, or unanticipated changes in priority, the Finance Committee may recommend a change in the Budget during the fiscal year. If the overrun is greater than 10% of a Budget Line and totals more than \$5,000, the change needs to be approved by the Board of Trustees. If the change involves more than \$20,000, the change will require Board approval and the Board will vote whether to hold a congregational meeting. If the change is greater than \$50,000, a congregational approval is required.

**Table 1: Summary Table of Expense Approval Requirements for Class/Committees with Own Budgets**

Type of Expense	Within Class or Committee Budget	Amount	Approver
Class / Committee	Yes	Any up to Committee or Class budget and unusual expenses <\$3,000	Budget Leader, with Director Ops review of check disbursement
Class / Committee	Yes	Unusual expenses >\$3,000	Above + Treasurer
Class/ Committee	No	Overrun is <10% of Budget Line and/or <\$5,000	Above + Sr. Minister
Class / Committee	No	Overrun is >10% of Budget Line and >\$5,000	Above + BOT

**Table 2: Summary Table of Expense Approval Requirements for All Other Expenditures**

Type of Expense	Within Budget	Amount	Approver
Non-emergency work	Yes	<\$5,000	Director Ops
Non-emergency work	Yes	>\$5,000-\$10,000	Above + B&G Chair if facility-related & Treasurer
Non-emergency work	Yes/No	>\$10,000, whether by original quote or cost overrun	BOT
Emergency work	Yes or No	<\$5,000	Director Ops
Emergency work	Yes or No	>\$5,000	Above + Treasurer + BOT Chair

**Table 3: Approval Levels for Rentals**

<b>Annual Rental Amount</b>	<b>Approver</b>
<\$5,000	Director Ops
>\$5,000-\$10,000	Above + Treasurer
>\$10,000	BOT

**Table 4: Intentional Operating Budget Line Overruns**

<b>Amount</b>	<b>Approver</b>
<10% of Budget Line Item and/or <\$5,000	Director Ops + Treasurer + Senior Minister
>10% of Budget Line Item and >\$5,000-\$20,000	Above + BOT
Overrun of \$20,000-\$50,000 of Budget Line	BOT + BOT vote on whether to bring to Congregation
>\$50,000	Above + Congregation

## **7. Cash Accounts and Reserves**

### ***Cash Accounts***

- TUCW shall maintain a liquid cash balance of at least 3 months' budgeted operating expenses at all times.

### ***Reserves***

- TUCW shall maintain an appropriate level of facilities-related reserves, with a goal of no less than 3% of the Annual Budget's operating expenses. Exceptions need BOT approval.
- Use of funds from the facility-related reserves is approved of by the Treasurer and/or BOT depending on the dollar value of the contract or work to be performed (see Table 1).

- Funds may be moved from a reserve account by the Class Budget leader from their respective reserve account or by the Finance Committee.
- Reserve accounts on the Balance Sheet are for holding designated funds from one fiscal year to another. Funds are moved to a reserve only at the end of the fiscal year.
- No new reserves may be created without approval from the Director of Operations and the Treasurer.

### ***Minister's Discretionary Fund***

- The Minister's Discretionary Fund is managed by the Senior Minister. The Senior Minister has sole signing authority for funds in the MDF account and reconciles the account on a monthly basis. Once a year the MDF is audited.
- MDF funds are included in the TUCW Balance Sheet in compliance with GAAP.

## **8. Investments and Loans**

- TUCW shall maximize the potential for interest and dividends on any investment accounts it holds while also balancing for investment risk and liquidity needs. The Finance Committee will review the investment strategy not less than once per year.
- Loans will not be made to any entity or person without prior written approval of the BOT. Loans to a staff member, congregant or their related parties are prohibited.
- Loans on behalf of TUCW or any of its related entities or committees will not be entered into by any member of staff, committee member or congregant without prior written approval by the BOT.

## **9. Inventory, Accruals, Depreciation**

- TUCW will take the advice of a professional auditor as to the appropriate year-end accruals. These accruals will be used to produce an audited financial report according to GAAP.
- It is the organization's policy to capitalize all items, which have a unit cost greater than \$5,000. Items purchased with a value or cost less than \$5,000 will be expensed in the period purchased. Capitalized items become part of the fixed assets or inventory list. The accounting staff maintains the inventory list.
- The depreciation period used for any item that is capitalized will follow the estimated life of the item.
- Details of such accruals and depreciation schedules will be noted in the audited financial report.

## **10. Revisions and Amendments**

- Revisions or Amendments to the Financial Policy Manual will be approved by the Finance Committee and by the Board of Trustees.