

Financial Policies and Procedures



General: The Finance Committee is responsible for reviewing these financial policies at least every three years, for recommending changes to Council, and for communicating any policy changes made by Council to all staff and committee chairs affected by those changes.

Section I. FINANCIAL OVERSIGHT RESPONSIBILITIES¹

Congregation

Approves Budget annually at January Congregational meeting

Council

1. Has fiduciary responsibility²
2. Reviews and recommends proposed budget to Congregation
3. May authorize non-budgeted expenses if funds are available
4. May borrow up to and including \$10,000. Borrowing over \$10,000 requires approval of the governing body (congregation).
5. Appoints in April of each year an at-large member of the Finance Committee & members of the Planned Giving Committee
6. Council Chair serves ex officio on Finance Committee

Finance Committee (a sub-committee of Council)

1. Consists of Lead Financial Secretary, Treasurer, Lead Minister, Council Chair, Chairs or representatives from Continuing Stewardship, Trustees, and SOJO, and at-large member appointed by Council
2. Prepares and recommends budget to Council
3. Regularly reviews income and expenditures and recommends adjustments to Council as needed
4. Reviews staff and clergy compensation at least every 3 years
5. Reviews financial policies and procedures at least every 3 years
6. Addresses questions regarding financial policies and procedures as needed.
7. Reports monthly to Council

Other Committees & Teams

1. Annually propose budget amounts for their specific areas of ministry to Finance Committee
2. Chairs authorize committee expenditures, and ensure appropriate Fund assignment
3. Follow Cash Counting Policy

¹ Adapted from UCCNB Constitution & Bylaws and *A Church Finance Handbook for Church Treasurers & Finance Committees*, Massachusetts Conference United Church of Christ, 2018

² **Fiduciary responsibility** is the legal obligation that a person or organization has to act in the best interests of another person or organization. A **fiduciary** is any person or group that is legally responsible for controlling and managing another person or group's assets or other interests.

Financial Secretary(ies)

1. Lead Financial Secretary serves as one of the elected officers of the church and has fiduciary responsibility
2. Associate Financial Secretaries are appointed by Council
3. Collects, records and deposits all income
4. Maintains individual donor records and provides regular donor report
5. Liquidates gifts of securities, etc. per Endowment & Gift Receipts Policy
6. Coordinates and facilitates a range of electronic giving option
7. Lead Financial Secretary reports on all income-related matters to Council
8. Makes income-related records available for financial accountability activities
9. Keeps individual donor information confidential, according to financial Confidentiality Policy.
10. Complies with Records Retention Policy
11. Lead Financial Secretary serves ex-officio on Finance Committee & Council

Treasurer

1. Serves as one of the elected officers of the church, and has fiduciary responsibility
2. Responsible for oversight of church financial assets
 - a. Regularly reviews bank statements
 - b. Ensures church's financial assets are protected
 - c. Ensures church is in compliance with all legal and tax requirements
 - d. Ensures timely renewal of mortgage, and oversees changes as needed
 - e. Initiates with Council regular financial review
3. Responsible for disbursements of budgeted funds as authorized by Congregation
4. Signs all checks as first signer. For checks over \$2,000 (not including payroll or other electronically generated disbursements), arranges for second signature from Council Secretary, or if unavailable, Accountant.
5. Annually prepares Proposed Budget for Council's consideration, and presents it to January Congregational meeting
6. Makes regular reports on church finances to Finance Committee and Council
7. Makes records available for financial accountability activities
8. Keeps individual donor information confidential according Confidentiality Policy
9. Complies with Records Retention Policy
10. Serves ex-officio on Finance Committee and Council

Accountant

1. Is appointed by Council, and has fiduciary responsibility
2. Creates checks and receipts for all authorized disbursements
 - a. Confirms authorization for reimbursements and other disbursements
 - b. Obtains signature of Treasurer as second authorizer for disbursements of amounts over \$2,000.
 - c. Emergency signer of checks if both Treasurer and Council Secretary are unavailable
3. Ensures that all disbursements are made electronically or by check
4. Maintains church Ledger and other financial records
5. Creates regular reports for Treasurer, Financial Secretary, and upon request by Council, Committees, etc.
6. Makes records available for financial accountability activities
7. Keeps individual donor information confidential according to Financial Confidentiality Policy

8. Complies with Records Retention Policy

Council Secretary

1. Serves as an elected officer of the church and has fiduciary responsibility
2. Signs contracts and other legal documents on behalf of the church
3. Signs checks when the Treasurer is unavailable or when a second signature is required
4. Complies with Records Retention Policy

Policies Related to Contributions and Other Income

1. All contributions and any other income received by the Church are to be recorded in a timely manner
2. Every effort will be made to learn and honor donor intent
3. The congregation retains the right to refuse any gift
4. Contributor(s) names, designated fund, and amount will be recorded for all contributions except for those of \$10.00 or less and memorial gifts
5. Loose Offering contributions from five services including Ash Wednesday, Palm Sunday, Maundy Thursday, First Sunday in Advent and Christmas Eve shall be assigned to the non-budget Deacons Fund
6. The Deacons Board will record all memorial gifts including the names, addresses, and amounts
7. Deacons will acknowledge all memorial gifts. Memorial gifts from members are recorded in the church's management system
8. All gifts and contributions recorded in the church's management system will be acknowledged via Financial Statements distributed at least semiannually
9. All checks and cash received in the Church Office whether delivered by mail or in-person should be stored in the Lock box in the Church Office upon receipt
10. All cash received by the Church shall be counted by two unrelated people in each other's presence and should not be removed from the Church until it is to be deposited by a Financial Secretary
11. All gifts of securities (stocks, mutual funds, IRAs) will be liquidated upon receipt
12. Any grant request made on behalf of the Church needs to be approved by the Church Council and all proceeds shall be recorded in the church's management system
13. All contributions designated to be used "as needed," are to be recorded as either pledged income (if given by a pledging unit), or non-pledged income.

Section II. BUDGET POLICIES (adopted 1998; rev. 2002, 2020)

1. Our fiscal year is the calendar year for budget line items.
2. The Budget is adopted by the Congregational Meeting in January.
3. Money not spent from a budgeted line item does not carry over into the following year.
4. Money received for any non-budget designated items shall be deposited in the appropriate non-budget account (e.g. youth support, Loaves & Fishes, altar flowers). Some budget amounts may be transferred to non-budget escrow accounts (e.g. maintenance escrow, sabbatical escrow).

BUDGETED WIDER MISSION PAYMENT POLICIES

1. The percentage of the annual budget which supports wider missions is set each year through the normal budget process (as indicated in the Finance Committee guidelines). (In 2020 that percentage was 20.35%).

2. The total amount to be spent is based on budgeted operational expenses. Operational expenses are total expenses minus the mortgage (debt retirement) and missions.
4. As part of the normal budget process, the Social Justice & Outreach (SOJO) committee recommends specific dollar amount payments to mission organizations that will be made regardless of actual operational expense. Specific dollar amount payments are usually made quarterly. The sum of the specific dollar amounts is used as part of the calculation to determine the amount allocated to Our Church's Wider Mission (OCWM) in the Missions budget.
5. Once the total amount allocated for Missions has been calculated (see 2. above), the specific dollar amount sub-total (the organization lines in the Mission budget for which SOJO has determined amounts to be given) are subtracted from the total. The remaining amount is ordinarily allocated for OCWM (Our Church's Wider Mission). At times SOJO recommends that a portion of that remaining amount be used to increase amounts for the dollar-specific lines, with the rest going to OCWM.
6. Once the budget is approved, Mission Payments are usually made as follows, without need for request forms:
 - OCWM is paid monthly. A double payment for January and February is made in February, following January approval of the budget. For cash flow purposes, the Finance Committee may reduce the monthly payments, but no lower than a 70% level. Any final payment for the year must be made within the first 10 days of the following year.
 - Mission dollar-specific amounts (except Minister's Discretionary Fund) are paid quarterly.
 - The UCC per capita amount is paid to the Minnesota Conference in February, following approval of the budget at the January Congregational Meeting.

EXPENSE AUTHORIZATION POLICIES (BUDGET)

Except when authorized by the Treasurer or policy (e.g. routine bills), expenditures are made only when requested by signature of an authorized person on the "Expense Reimbursement Request Form"

1. Mortgage/Debt Retirement Transfers to Non-Budget area (Treasurer)ⁱ
2. Education and Faith Formation or Adult Education (Chair of EFF or AE Committee or pastoral staff)
3. Missions (covered in "Budgeted Wider Mission Payment Policies")
4. Music (Choir Director, Bell Choir Director, or Accompanist)
5. Property Operation (Treasurer, Council Chair, Trustee Chair, Office Administrator or pastoral staff - depending on item)
6. Worship (Chair of Deacons or pastoral staff)
8. Office and Administration (Church Office Administrator or pastoral staff)
9. Non-Committee Team budgeted expenses (Team / Program Leader)

Section III. NON-BUDGETED EXPENSE AUTHORIZATION POLICIES

(adopted 1998; rev. 2002; 2020)

1. Local Programs (authorized by Committee Chair or pastoral staff). For Council authorized "Bread money" see separate bread fund policy below.
2. Wider Mission Items (authorized by Chair of the SOJO committee). The monthly Special Offerings and 5 for 5 offerings (Christmas Fund, Justice & Witness, Neighbors in Need, One Great Hour of Sharing, and Strengthen the Church) must be used for the designated purpose. The full amount of the offerings is paid in the month following the offering, and then quarterly if additional funds are received. The 5 for 5 offerings and the CUE offering are paid to the UCC

Minnesota Conference. All other special offerings are paid to or used by UCCNB for the benefit of the designated organization.

3. Maintenance Escrow (Chair of Trustees)
4. Sabbatical Escrow (Church Council)
5. Technology Escrow (Church Council)
6. Council Designated Funds (Church Council)
 - Mission Outreach (SOJO recommends to Council)
 - Building & Grounds (Trustees recommend to Council)

BREAD FUND POLICY

(adopted 7/10/2000; rev. 4-14-2020_

SOJO is responsible for allocating and authorizing disbursement of Bread Fund money. The SOJO welcomes suggestions for organizations to benefit from these funds from any member of the congregation.

Section IV. CONFIDENTIALITY POLICY

The contribution data of donors will be kept in password protected or locked files, with access restricted only to those who are authorized to have the information. Such data will not be shared with anyone not so authorized. Authorized access is restricted to Treasurer, Accountant, and Financial Secretaries, Continuing Stewardship Committee and clergy. Confidential data include pledge cards, checks or photocopies of checks, donation reports.

Access to employee data will also be restricted only to those who are authorized to have the information, and data will not be shared with anyone not so authorized. Examples of such data include personnel records and Social Security numbers.

Section V. RECORDS RETENTION POLICY

Church records will be retained according to the time increments listed below:³ All staff and Council, committee and team chairs are responsible for ensuring compliance with this policy. Records kept only electronically will be backed up at least weekly on a currently appropriate storage medium, to be kept off-site in between back-ups. (Items asterisked may be kept electronically once weekly back-up procedures are in place)

- Records to be kept permanently
 - Any record besides those listed below that is historically significant
 - Congregational meeting minutes*
 - Council minutes*
 - Committee minutes*
 - Church Annual Reports
 - Any audited financial statements*
 - Annual financial statements
 - Articles of incorporation
 - Constitution & Bylaws
 - Important correspondence
 - Deeds, mortgages, bills of sale

³ Adapted from *A Church Finance Handbook for Church Treasurers & Finance Committees*, Massachusetts Conference United Church of Christ, 2018, p.80 ff.

- Annual Employee payroll summaries*
- IRS correspondence*
- IRS 501(c)3 letter for UCC
- Property records
- Restricted gift documentation (wills, bequests, etc.)*
- Retirement and pension records*
- Sales tax exemption certificate
- Invoices from Garbage & Waste disposal
- Records to be kept for 8 years
 - Most financial records besides those listed below
 - Bank statements*
 - Contribution records and deposit slips*
 - Cancelled checks*
 - Employee records, incl. background checks after employment ends)*
 - Insurance policies
 - Leases for equipment
 - Quarterly and annual payroll reports (941 or 944; W-2, 1099)*
 - Vendor payment records
- Records to be kept for 3 years
 - Routine correspondence*
 - Cash counting receipts

Approved by UCCNB Church Council April 14, 2020

APPENDIX 1

Cash Counting Policy United Church of Christ in New Brighton

To be used whenever cash is counted as part of our church functions, including but not limited to Worship Service Offerings; Special Fundraising Events; Children's and Youth Services and Activities; any other times when cash transactions occur.

- All cash should be counted by two people in each other's presence.
- A Cash Counting Record shall be filled out and initialed by both parties.
- The two parties may not be related to each other.
- The cash and the Cash Counting Record should immediately be placed in an envelope together, labeled with event and date, sealed, and placed in the lock box in the office.
- Cash should not be removed from the church by anyone other than the Financial Secretaries at the time of the deposit.

Extra "counters" will be enlisted by the Human Resources Committee as needed and requested

APPENDIX 2

Endowment Policy United Church of Christ In New Brighton

Preamble

The United Church of Christ in New Brighton, a local church of the United Church of Christ, whose purpose is “To worship God, to preach the gospel of Jesus Christ and to celebrate the Sacraments; to realize Christian fellowship and unity within this church and the Church Universal; to render loving service toward all people; and to strive for righteousness, justice, and peace.” In order to help sustain that purpose in the future, the Endowment Policy that follows has been developed.

Purpose

The purpose of this Endowment Policy is to establish a basis and procedure for the raising and disposition of funds or property received by the congregation. Christian stewardship involves the faithful management of all gifts that God has given to us as God’s children—time, talents, and financial resources. For many people, the stewardship of financial resources means current income and its uses. Stewardship also includes accumulated, inherited, and appreciated financial resources.

Christians can give to the work of the church through bequests in wills or trusts, charitable remainder trusts, charitable lead trusts, gift annuities, assignment of life insurance, retirement funds, memorial funds, and transfer of other financial assets, such as stocks, bonds, real estate, and personal property. While such gifts are to be encouraged, they must also be guided with sensitivity and care.

Administration of Program

A. Planned Giving Committee

1. Purpose of the Committee
To promote the raising of funds for the congregation through a Planned Giving program and the management of those funds raised that will become Endowment Funds.
2. Composition and Administration
The Committee is composed of five or more members appointed by the Church Council including a member of the Continuing Stewardship Committee and the Treasurer, plus the Lead Minister (non-voting). The committee will meet quarterly or more often as needed. Members will be appointed for one (1) year terms and may not serve more than six consecutive terms. The goal will be that no more than two members’ terms expire in the same year.
3. Responsibilities
 - a. The Committee's primary task will be to educate and assist church members in making planned gifts, usually future gifts, but also gifts of real estate, stocks, bonds, and personal property.
 - b. The Committee will also have the responsibility of managing and overseeing the Endowment Funds. (See appendix for definition of an endowment fund.) It will report to the Finance Committee of the Council, periodically but no less often than annually.
 - c. The Committee will also have the responsibility of managing and overseeing a recognition program honoring all those members and friends who have made a future commitment to the church in their estate plans or who have made significant gifts while living.
4. Long-Range Plans

- To provide a continuous emphasis on the use of gifts and planned giving to successfully fulfill the above purposes of the United Church of Christ in New Brighton.
- To assist and encourage each adult member of the congregation to make a will or estate plan, to keep it updated, and to include a provision in their estate plan for enacting the gospel through the ministry and mission of the United Church of Christ in New Brighton.

B. Types of Gifts to be Encouraged

Outright gifts or future gifts of all kinds will be encouraged. The Planned Giving Committee on behalf of the congregation does retain the right to refuse any gift. Donors have many options in the types of gifts they wish to make. The following are descriptions of the most common:

1. Undesignated Gift that will not be Endowed
If the gift is less than \$10,000, the use will be determined by the Church Council when the gift is received. If the gift is valued at more than \$10,000, it should be used according to paragraph E of this document. This is the most flexible type of gift and the one that gives the congregation the most flexibility in meeting the congregation's mission goals.
2. Designated Gift that is not Endowed
This type of gift is specified by the donor for a particular purpose and is restricted to that use. (A list of possible purposes for designated gifts is appended to this policy.) Money from this gift should be used as needed for the specific purpose, even if the funds would all be spent in a short period of time. If the designation is too restrictive or violates the mission of the congregation, the gift might be refused.
3. Designated Gift that is to be Endowed
This gift is intended for a specific purpose and is intended to last forever. (A list of possible purposes for designated gifts is appended to this policy.) The money will be distributed from the Endowment Fund under the guidelines in place for endowment distributions at the time the gift is received. In order for a designated gift to be endowed, it must have a value of at least \$10,000.
4. Undesignated Gift that is to be Endowed
This gift allows distributions to be made from the gift to support various designated programs or missions as determined by the distribution rate for Endowment Funds. If an undesignated gift has a value in excess of \$25,000, the excess dollars shall be endowed.
5. Memorials
Gifts received, either unrestricted or designated, and dedicated to the memory of a deceased family member, church member, or friend, may be managed by the Deacons Board. If the memorial gifts received are so large that a lasting endowment gift is desired, the Deacons Board may establish an Endowment Fund with the Planned Giving Committee.

C. Gift Acceptance

The Planned Giving Committee shall forward any proposed gift that they have concerns about to the Finance Committee of the Council, which shall act as the Gift Acceptance Committee. The Gift Acceptance Committee shall evaluate all gift proposals that they receive to determine if any gift should be refused

D. Administration and Disposition of Designated Funds

1. Administration
 - a. All property gifts will be converted to cash as soon as possible after being received. If a property gift is not to be converted to cash immediately, the donor will be informed in writing of the reason that the property will not be converted to cash. The donor must agree, in writing, to the delay in sale of the property.
 - b. The cash will be used to establish the appropriate fund as designated by the donor's gift document. If a fund for that purpose already exists, the money will be deposited into that

fund. The Planned Giving Committee will assist in the administration of the collection of all properties given to the congregation.

2. Disposition

- a. All Endowment Funds will be managed and invested by the Planned Giving Committee. It is recommended that the Planned Giving Committee take advantage of the resources and management services available through the national offices of the United Church of Christ and its affiliates, until the total funds under management exceed \$100,000.
- b. Any change in investment services from one provider to another must be reviewed by the Finance Committee and approved by the Church Council.

E. Disposition of Undesignated Funds

Funds that are received as undesignated will be used in the following manner:

1. Gifts with a value up to and including \$10,000

The Church Council may choose to use the gift in any manner it sees fit or to add it to either an existing endowment or other funds.

2. Gifts with a value from \$10,001 to \$25,000

- a. 50% may be used by the Church Council in any manner it sees fit or may add it to either an existing endowment or other funds.
- b. 25% will be designated for Missions or Outreach. These funds shall be distributed as recommended by the Social Justice and Outreach Committee and approved by the Church Council.
- c. 25% will be designated for Buildings & Grounds. These funds shall be used as recommended by the Trustees Board and approved by the Church Council.

3. Gifts with a value of more than \$25,001

- a. \$25,000 of the gift shall be disposed of in accordance with paragraph E.2. above.
- b. The balance of the gift shall be added to existing or new Endowment Funds.

F. Administration of Endowment Funds

1. Endowment Funds

- a. 5%, based on the market value of the specific fund on January 1 of the given year, may be distributed from the fund each year to support the program or programs for which the fund was established.
- b. The committee or board responsible for using the funds can choose in a given year to use less than the 5% distribution.
- c. Any unused distributions from a given year may be carried forward and be used in subsequent years.

2. All Other Funds

The committee or board responsible for using the funds can choose to use any amount from the fund in a given year or, choose to use no assets of the fund and allow the fund to grow for a future needs or programs.

G. Future Recommendations and Changes

The above rules for the management and administration of the Endowment Funds are semi-permanent in nature. Changing times and new understandings by future Planned Giving Committees and Councils of the Church might require that changes be made to the procedures and management of the funds, and those committees and councils should have the ability to make such changes. However, to prevent hasty and thoughtless action, any changes shall require approval at two consecutive regular Planned Giving Committee meetings and confirmation by the Church Council and Congregation.

Appendix

A. Possible and Existing Purposes for Designated Gifts (approved by Council spring 2015)

- Children and Youth Ministries
- Music and the Arts
- Senior Programs and Services
- Mission and Outreach
- Stewardship Education

B. Definition of Endowment Fund

An endowment fund is most commonly established by a tax-exempt organization and is a permanent fund that uses its earnings to advance the charitable, religious, or educational mission of the organization for which it is established. The principal amount of the endowment fund always stays intact while all or a part of the earnings are utilized by the charity each year. The earnings are used to fund projects or programs designated by the endowment fund. A percentage of the earnings is generally left in the fund to increase the fund principal. As the principal increases, the earnings available for use each year increase. *

*Concordia College, Portland, Oregon
