

Financial Records Review Committee Annual Report 2017-2018 (Nov) Church Year

Financial Records Review Committee (FRRC) Members: Frank Grossman & Rob Bates

Our bylaws require annual financial record reviews of the Church, Winter Garden with White Wing School, and the Cemetery Association. The reviews verify that the fiscal records and financial transactions of each component are transparent, orderly and consistent.

The Committee conducted separate reviews for the UU Church (Sherri Woolsey), Winter Garden with White Wing School (Chris Clanin, Director & Ellen Fisher, Treasurer), Cemetery Association (Kevin Murray, Treasurer) and Simple Gifts Coffee House (SGCH) (Priscilla).

Subject to the recommendations below all records examined were found to be in satisfactory order.

UU Church of Nashua

Things have changed since the last report we filed. Now the books are handled by the administrative staff and not the Treasurer. We met with Sherri to go over procedures with the different ways that money comes into the church and the ways that money goes out. We then reviewed some random records to make sure that they followed these procedures. The records we reviewed were easy to track and did follow the procedures. There were very few if any written policies that backed up the procedures that the administrative staff was using. There are two pieces of software used to record, process and reconcile transactions. The first is the church database. This is used to record any donation and whenever possible associate that donation with a person. The database then helps with the tracking of pledges and keeping a total of all donations made by a person or family so that it can be reported to them at the end of the year. The other software is QuickBooks (QB) online. QB is used to record all bank operations and link those operations to the budget. Any deposits are recorded with QB and checks are generated through QB. It is also reconciled with the bank information through QB. QB was marked as Accrual, but everything I saw looked like cash basis. For instance pledges are not handed in an Accrual basis. Sherri did say that she would enjoy learning a little more about QB and figuring out how to setup a chart of accounts for the budget tracking.

We reviewed the ways that money comes into the church. Any of these methods can get paid as cash or check. Pledges and some fundraising can be credit card which is handled through Vanco. They also supply information that is used during reconciliation.

- Pledges
- Sunday Donations, green envelope and other - Cash from the Sunday collections used to be just put in an envelope and put in a filing cabinet and then processed the next day and deposited. A safe will be installed that will allow the cash to be put there after the group counts the cash until it is processed the next day.
- Other Fundraising events like Auction
- Endowment, monthly and quarterly payments
- User Fees - The only uniqueness here is that when there is an event like a wedding some of the staff get paid directly from the money and it does not go through the church. Common are the Minister, Music Director, and Sexton. I was not sure if there should be any reporting of this money movement.
- Winter Garden with White Wing contribution

Here are the ways that money goes out of the church. Most of this is done with checks. Some of these are repeating like the utilities. Others are done with a check request form that either the chair of the team / committee will sign or a staff member that is associated with the group making the request can sign. The methods that don't use a check request form are the outreach checks from the Sunday collections, and receipts for the community dinner.

They always cut the checks on paper, because doing them electronically is too expensive. Checks are done through QB and are put in against budget line item names. There are four signatories for checks: President, Treasurer, Minister, and Sherri as an admin. There are some debit cards; they are associated with the main bank account for the church. We have some concern if one was lost and what they would have access to. There are limits, but should there be a separate account? Payroll is another way that money goes out. Winter Garden with White Wing also uses the Church's payroll system and the same EIN number. There is some money that comes in from the State for the school. This is directly passed through to the school.

There was a question that since Sherri can see the simple gifts account, could they see the entire church accounts?

Another question that came up, although not a financial review question was that there are currently some staff on HRA accounts. Would it benefit the staff more for these to be HSA accounts?

Winter Garden with White Wing School

Winter Garden with White Wing School(WGWWS) is a branch of the UU Church of Nashua and operates under the same Federal Tax ID number. The financial books for WGWWS, however, are kept separate from those of the Church, except for payroll, which is handled as an administrative pass-through item in the Church's budget. The bulk of WGWWS's income comes from tuition, and some families pay extra for before and / or after school care. Their major annual expenses are payroll and contributions to the the Church for occupancy, which includes facilities rental, utilities and custodial services. The payroll is done over 12 months. Since they do not use an accrual method and the fiscal year ends at the end of June the wages are split between two budgets. July and August are paid in the next year's budget even though the work was done in the prior fiscal year. They use a version of Quickbooks that is local on their own hard drive. Tuition is invoiced monthly using Quickbooks to generate the invoices. Tuitions are paid by check or cash. Deposits are made weekly.

They receive a few donations. Some from the Ella Anderson grant, and some for scholarships the come from a donation month in the Church. They also do some fundraising by the school and some by PAWS, the parent organization used for some of the classroom expenses.

WGWWS has its own board. The school does not pay for any insurance. They believed that the Church insurance covers everything they need, including Directors and Officers insurance for their board, liability for the students, and coverage for their materials the school has purchased.

They do have a couple of contractors: music teacher and bookkeeper. They do not collect W9s from them or issue 1099s.

As far as they knew there were no written policies for procedures covering the flow of money.

Quickbooks and the processing of income and expenses is handled by the office manager who was not at the meeting, so we did not have a chance to pull any records and follow them

through the system. We are working on setting up a meeting with the office manager, but it had not happened by the time of writing this document.

Nashua Cemetery Association

According to the Church bylaws, the Nashua Cemetery Association (NCA) is an organization within the UU Church of Nashua, although its finances are managed separately from those of the Church. The only sources of income for the NCA are their invested funds account and the sale of space in the Memorial Garden. These funds have been combined with the Church's endowment into a common investment fund, but Bank of America tracks the two balances separately.

While Kevin has been on the committee for 2 years, he has only been treasure for 2 months and is still coming up to speed, so many of our questions will be better answered in our next report when Kevin feels he has more information.

The NCA has its own board, although there is currently no president.

NCA uses Sunapee Bank and has around \$11K in the account. Money gets transferred from BofA to the Sunapee account monthly, but he did not know if that was automatic or calculated by someone and requested. They do get a combined account statement from USTrust account that ends in 3672 and is addressed to Russ Leonard.

They have very few regular expenses, mostly for lawn care and an annual check to the Church for the fall cleanup. They have occasional work needed to be done on trees that may need replacing. They also have a cracked mausoleum that needs to be repaired.

He was not sure if they were still operating under their own EIN number or using the one from the Church.

He did not know if the money that was invested with the Church's funds were an endowment with a total return policy or just invested funds. We did look at bills they had and the bank statements and could easily see that everything was flowing through.

As far as we could tell there were no written policies, and it was not known if there was any additional insurance to handle things like liability or vandalism.

Simple Gifts Coffee House

Simple Gifts money is handled in a fairly simple way. They keep a plastic folder in a notebook for each event they do. The folder holds all receipts and invoices for that event. Income for an event comes from ticket sales. These are done by credit card using an online vendor or as cash or check at the door. Expenses are typically advertisement through the Telegraph, food, and paying the performer. They had a few transactions that went beyond the one event. Those include: a donation to the Church, a raffle at each event with an eventual donation to a charity, and repair of the sound system.

Simple Gifts keeps an account as part of the Church at BofA and they receive a bank statement, that includes some of the Church accounts, at Priscilla's house. They do not issue any 1099s. They do not have any written policies. Their total transactions in a year are around \$3,000 to \$4,000.

It was very easy to look at their information from an event and see the transactions in the bank account.

Concerns / Recommendations

The FRRC suggests that fiscal policies, after adoption by the church, should be documented in one spot and followed by all sub units of the church. Having these policies in one place would also help the FRRC do its job more accurately.

In making these recommendations we recognize we may have transcended the technical limits of our charge. It is not our intent to criticize past actions or suggest inappropriate changes. We believe it is important to raise these concerns to the Board and let it and the congregation decide what, if any, action should be taken.

Acknowledgement

The committee would like to extend sincere appreciation and gratitude to all parties who opened their books and responded to FRRC inquiries. Without exception, everyone was extremely open, accommodating and supportive of the process.

Respectfully Submitted:

Signature:  Date: 12/24/17
Frank Grossman

Signature:  Date: 1/7/18
Rob Bates