

Financial Records Review Committee Annual Report

2019-2020 Church Year

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

Our bylaws require annual financial record reviews of the Church, Winter Garden with White Wing School, and the Nashua 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), Children's Winter Garden with White Wing School (Chris Clanin, Director), and Nashua Cemetery Association (Kevin Murray, Treasurer).

This year due to the pandemic the meetings were done remotely with video conferencing software.

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

UU Church of Nashua

Attendees; Sherri Woolsey (Church Administrator), Frank Grossman, Rob Bate

Sherri continues to show that she is well versed and has a strong understanding of how money flows in and out of the church and is able to transparently show that flow of money.

One change this year was because of the pandemic. Since most of the staff is working from home signing of checks is more difficult. Sherri was given permission to sign all checks, as a second measure any check over \$5,000 has to have an email OK from both Allison Palm and Carol Houde. A check over \$10,000 would have to be signed by the Treasurer or President. As the checks are printed through QuickBooks (QB) and we use QB online so that there is good transparency of what has been printed, it felt as if there were a good number of safeties in place for this temporary change.

Last year was the first year of using QB and Breeze together, at the time of our review last year they were not able to confirm that the two systems would reconcile together. We did confirm that by the end of the year the two had reconciled.

The ability for members to automate their payments through Breeze has smoothed out the system and saved Sherri time. There was concern last year of how high the credit card fees would be as we moved to using more credit cards through Breeze. So far for this fiscal year there were about \$2,000 of credit card fees.

During the pandemic Sherri is receiving most of her payment requests through email instead of the normal paper requests. Sherri prints the emails and files them the same way she would have the paper requests.

We had Sherri pull two items to follow through the systems. The first was an elevator bill. Sherri was able to share her screen and show us how that bill flowed through the system. The second was a payroll mistake, and again we were able to see how that flowed with both the payroll system and how it was reconciled in QB. We asked how things were going with the bank relationship. Sherri said fine, but during the process of applying for the Payroll Protection Plan, part of the pandemic relief program from the government, the bank we use was not able to help in a timely manner, while the local banks were able to help. There is a desire to move to using a smaller local bank in the future that could provide more service.

Rob and Frank did ask Sherri if she felt that our reviews were important when the church was being audited. Sherri's feeling was that it was important and that we asked questions that were not asked by the auditors. Sherri had hoped that the auditors would have gone over the church's policies and procedure more and offered suggestions. Sherri also contemplated if it made sense for the Financial Review Committee to meet with her more than once per year. This would allow more time to go deeper into how the different systems are set up. We will leave that decision up to the board. The committee's feelings on this were that sometimes the committee members have more accounting background and are able to go deeper and sometimes just pulling some bills or receipts from the files and seeing the flow is the extent of their ability to understand the systems. Sherri did feel that good controls were in place since Allison frequently reviews the accounting to her budget, and the Treasurer also has access to the QB systems.

One of our previous areas of concern was the medical reimbursement for staff and that they should look into an FSA or HSA account. These were reviewed last year. Neither of these

were viable options, partly due to the number of employees we have and partly because the service fees would be larger than the amount of reimbursement available.

Areas of concern:

When moving from QB desktop to QB online there were some retirement payments that have been made that show up as not paid in the new system. While everyone knows the amount and it has been verified that the payments were made, an accounting adjustment needs to be made so that in the future everyone is not adjusting in their heads.

We have a very small concern, since the numbers are small regarding room rentals in the UUCN facility Sherri pointed out that when some organizations rent a room for a meeting, they will pay for that meeting space in cash and not ask for a receipt. This means there is no paper trail for these payments. No problems have been encountered with the current method, but we recognize this is part of the system without controls.

Children's Winter Garden with White Wing School (CWGWWS)

Attendees; Chris Clanin (CWGWWS Director), Frank Grossman, Rob Bate

Only Chris was able to join us this year. Kim, the office manager, was not available. On the whole, things seem to be running smoothly & efficiently.

The year was running well before the world pivoted to stay at home and remote learning. They quickly picked up remote teaching and were able to reach all their students. Payments in April and May have been down 25% - 50%. However, they are still bringing in more monthly revenue than the cost of their payroll, so they have been able to keep everyone employed. Chris is very clear to the employees, if they are getting paid they need to be working! They have saved money over the last few years and have around \$50K in the operations bank account. This allows for some buffer as they figure out what next year may look like. As with all schools, creating a budget for next year is an unsure process.

They were not able to run their fundraisers this year for the scholarships and they are ever grateful to the church for the March Outreach Collection that benefits the scholarship fund.

They are no longer using Visa gift cards for the teachers. All expenses get submitted for reimbursement. Kim is very strict, no receipt, no reimbursement.

There are a good number of checks and balances in place. The board approves the budget. The budget numbers are entered into QB and tracked throughout the year. Chris and Kim work closely together, with a good amount of filed paperwork. Outside bookkeepers come in to reconcile each month and run a profit and loss statement for the board.

We were not able to randomly pull items out of the filing cabinet and follow them through. This was a combination of being remote and Chris being on a phone and not able to share a screen and not having Kim there to show the items in QB. Rob and I felt very confident that there were no problems. In conversations it was clear there were no changes in their policies and all of their controls are still in place.

Areas of concern:

Ongoing concern: No 1099s are submitted for contractors that are not on the payroll.

We did not discuss this at the meeting, but the following question occurred to us, should the church be involved in the discussion of if they would be allowed to have socially distance classes in the building?

Nashua Cemetery Association (NCA)

Present: Kevin Murray (Treasurer), Frank Grossman, Rob Bate

The NCA is a very simple business with their own board that has met once this year. The organization only does about 6 transactions a year. This year had an extra transaction for tree work that was done in the cemetery. Since the business is simple their accounting is done by filing invoices and doing their banking online. Currently there is about \$9K in their bank account that is held at Bar Harbor Bank & Trust. Much of their banking is now done online, including the cutting of checks. The bank has changed, and now allows them to see 2 years back on all bank activity.

Majority of their income comes from existing funds of about \$300K. While these funds are not an endowment they are invested alongside the Church endowment for a better return. There is a

monthly transfer to their bank account based on 15% of the interest made by those funds each month. The amount can vary widely and looked to average around \$300 as the markets were up most of the fiscal year.

The only other income this year was from a memorial bringing around \$2K.

Last year there was a bill for snow removal on the sidewalks. This was being done as a courtesy for the neighbors. They had not seen a bill from the church for snow removal for this year.

There are future maintenance items to be done in the cemetery to be done over the years. There has been no change in the policy of how money from the invested funds is requested. As Treasurer, Kevin can make requests for money directly to the invested funds manager, with no other checks and balances.

Areas of concern

Ongoing concern: Currently the NCA's past records are kept in a few boxes at the Treasurer's house. We suggested storing those records at the Church.

In order for NCA to see their amount of existing money in the invested funds, Kevin gets a full copy of the bank report on the invested funds. It comes directly to his house addressed to him. Maybe this should come to the church as well and be addressed to the NCA.

Signatory card. Kevin believes that Ellen McCormick is still on the signature card, and should probably be removed. Should someone other than just the Treasurer be on the card?

In noting concerns and making 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: May 22, 2020

Frank Grossman

Signature:  Date: May 22, 2020

Rob Bate