

V. FINANCIAL

A. Financial Oversight

1. The Board shall appoint a Treasurer, who shall Chair the Financial Oversight Committee, and whose job duties are detailed in these Policies, in the Board Procedures, and in the Bylaws.
2. The Financial Oversight Committee shall oversee preparation, distribution and storing of all detailed financial statements, in addition to the other duties laid out in these Policies and the Board Procedures.

B. Planning and Budgeting

1. The Operations Team shall
 - a. Develop the annual budget according to the schedule laid out in Board Procedures, inviting input of those affected by or concerned with budget decisions
 - b. Adjust the amount budgeted for non-salary line-item expenses during the course of the year, in consultation with those affected, if it is projected that a year-end deficit is likely to occur. Adjustments in excess of \$1,000 require Board approval
 - c. Obtain advanced Board approval for all changes in budgeted or actual compensation, hours and benefits for employees
2. The Financial Oversight Committee shall ensure budgeting that contains sufficient information to enable accurate and clear
 - a. Tracking of cash flow
 - b. Disclosure of planning assumptions
 - c. Separation of assets and restricted and reserve fund balances and expenditures from those of the annual operating budget
 - d. Projection of revenues and expenses
3. The Board shall obtain Congregational approval prior to adopting the annual budget.

C. Debt and Expenditures

1. The Operations Team shall
 - a. Not borrow funds without Board approval
 - b. Pay payroll and settle debts in a timely manner
 - c. Not expend any endowment or other restricted or reserve funds except for their designated purpose. Reserve funds may only be spent with Board approval or in the case of emergencies involving risk to people or property. If the latter, the Board shall be notified of the expenditure as soon as reasonably possible

- d. Ensure that, when transferring non-salary budget amounts between budget categories
 - i. Total annual expenditures will not exceed the total budget less any projected year-end deficit
 - ii. The transferred amount is clearly noted in financial reports shared with the Board
 - iii. Those affected by budget adjustments are consulted
 - iv. Board approval has been given when such adjustments exceed \$1,000, except in the case of emergencies involving risk to people or property. If the latter, the Board shall be notified of the adjustment as soon as reasonably possible

- e. When making any significant purchase
 - i. Obtain comparative price and quality information
 - ii. Receive written competitive bids when making capital improvements or purchasing equipment costing over \$10,000
 - iii. Receive prior Board approval for any single purchase or commitment of funds greater than \$3,000 for a particular capital improvement or piece of equipment, unless there is an approved budgeted amount for the particular capital improvement or piece of equipment. Per the Bylaws, all contracts and expenditures exceeding \$10,000 require a Congregational vote

- f. Appropriately pursue unpaid pledges and non-pledge receivables
- g. Receive approval of the Board prior to authorizing a new line of credit, including credit cards, or increasing an existing line of credit
- h. Establish and fund reserve accounts for the purpose of meeting financial needs for which there are no budgeted funds available. Reserve funds must be deposited in liquid, conservative, and interest or dividend bearing accounts

D. Asset Protection

1. The Operations Team shall

- a. Not risk losses beyond those necessary in the normal course of business
- b. Insure assets against theft and casualty losses at replacement value less a reasonable deductible
- c. Insure against corporate and individual liability of Board Members, staff, and volunteers, taking into account pertinent statutory provisions for indemnification and exemptions applicable to Washington non-profit organizations
- d. Not unnecessarily expose the Fellowship, its Board, or staff to claims of liability or risk
- e. Not subject facilities and equipment to improper wear and tear or insufficient maintenance
- f. Maintain the Fellowship's non-profit status (see Appendix E)

- g. Protect the intellectual property of the Congregation, information, documents and files from theft, damage, deletion or improper access. Senior Ministers are the sole owners of their intellectual property.

2. The Financial Oversight Committee shall ensure financial controls that

- a. Receive, process and disburse funds under controls sufficient to meet an independent, qualified auditor's standards, other government standards, and accepted accounting practices typical of a congregation this size. Specifically, the following internal controls shall be adhered to:
 - i. Checks or transfers to outside entities over the sum of \$5000 must be signed by two designated signatories
 - ii. Check signatories are appointed by the Board and may be appointed or changed at its discretion
 - iii. In every case practicable, cash will be counted and documented by two separate, unrelated individuals
 - iv. Check requests must be authorized by the relevant entity's leader or designee, as well as a representative of the Financial Oversight Committee before they are signed
- b. Are published in an easily-understood format and readily accessible for eligible Fellowship entities
- c. Maintain the financial aspects of the Fellowship's non-profit status (see Appendix E)
- d. Invest operating capital only in secure instruments or accounts, and not in uninsured checking accounts

E. Donations

Terminology brief overview: A donor making an unrestricted donation has no control over the use of the donation. Restricted donations must be spent as stipulated by the donor and can never be used for any other purpose. Designated donations must also be spent as stipulated by the donor unless at some time in the future the designation is no longer reasonable or needed. In that case the funds may be spent otherwise as described below

The Operations Team shall ensure that

1. Donors shall be always encouraged to make unrestricted financial donations
2. The Bellingham Unitarian Fellowship will not accept material, unrestricted financial, designated financial, or restricted financial donations except as follows
 - a. Unrestricted financial donations

- i. The Administrator shall add such donations in amounts under \$1,500 to the revenue for the current fiscal year
- ii. The Operations Team shall determine acceptance and use of such donations in amounts between \$1,500 and \$2,500
- iii. The Board shall determine acceptance and use of such donations in amounts over \$2,500

b. Designated financial donations

- i. Notice of all such offered donations is routed to the Operations Team for consideration
- ii. The Operations Team shall decide whether to accept such donations when under the amount of 2% of the current fiscal year operating budget, ensuring that they clearly correspond to an element of the Mission
- iii. If the amount of such an offered donation exceeds 2% of the current fiscal year budget or requires additional budgeted funds in order to be used for its designated purpose, the Operations Team shall promptly notify the Board of the offered donation and the Board shall decide whether to accept the donation
- iv. The Operations Team shall give notice to the donor or create written agreements between the Fellowship and the donor where necessary, clarifying that the Fellowship will honor a designation on a donation for an undefined period only, and that the designation shall be waived in the future if the designation is no longer reasonable or needed
- v. The Operations Team shall provide timely notice to the Board of all such donations accepted
- vi. Designations on funds are permitted to be waived or changed via budgeting and expenditure processes described elsewhere in this Section

c. Restricted financial donations

- i. Notice of all such offered donations is routed to the Board for consideration.
- ii. The Board shall decide whether to accept such donations, ensuring that they clearly correspond to an element of the Mission.
- iii. Paddle calls, capital campaigns, Board directed actions, endowment contributions (restricted because of the requirements regarding retention of principal), plate and specified offerings are not required to go through the acceptance process described in this Section.
- iv. An accepted restricted financial donation shall be placed in a “restricted fund” by the Treasurer and Administrator. Handling of this fund is subject to a donor's stated restrictions on the use or the investment of the donation. By accepting such a donation, the Fellowship is bound to comply with the stated restrictions.
- v. The Board, via the Treasurer, shall ensure that all transactions are compatible with the terms of such donations.
- vi. The Board shall ensure that proper documentation of the terms of the

donation is created.

- vii. The documentation establishing the terms of the donation must be kept on file permanently in the Board's files and in the Fellowship's office.

d. Material donations

- i. Notice of material donations, including an estimation of value, is routed to the Operations Team. The Operations Team may choose to exclude notice of minor items, such as office supplies or items below a certain value, from this requirement.
- ii. The Operations Team or committee accepting the donation shall determine it to be in good condition and of use immediately or in the near future, where appropriate.
- iii. The Operations Team shall obtain legal title of the donated item, where appropriate.
- iv. If the item requires accommodation of any sort to the extent that budgeting funds for the purpose is necessary, then Board approval is required before the donation is accepted.
- v. The Operations Team shall ensure that the Fellowship does not accept donations linked to a requirement that a product, policy, or service be endorsed by the Fellowship in any way.
- vi. In addition, such donations shall be subject to the policies in one of the following two Sections.

e. Material donations greater than \$250 in value

- i. The Operations Team shall decide whether to accept such donations.
- ii. The Operations Team shall create written agreements or understandings about such donations when it deems necessary.
- iii. The Operations Team shall provide timely notice of all such donations accepted exceeding \$1,000 in value to the Board.

f. Material donations up to \$250 in value

- i. Acceptance of such donations shall be decided by the relevant committee, subject to the restrictions in this Section.
- ii. The Operations Team has the authority to override a committee's decision about accepting such a donation.

3. Requests for project naming rights shall be decided by the Board.

4. The Operations Team shall ensure that donors receive proper and timely documentation of their contribution.