

IV. FINANCIAL POLICIES

NOTE: Other church documents address financial issues, roles and responsibilities that are, therefore, not addressed in these Financial Policies.

See:

- Bylaws of People's Church
- Personnel Manual
- Procedures Manual or Volunteer Job Descriptions for Treasurer's role—needs to be written
- Investment Policy Statement

Policy Documents can be accessed online here: <https://peopleschurch.net/about-us/policies-governance/>

Finance Committee

In addition to its responsibilities listed in the Bylaws, this committee of volunteers:

- maintains and updates an assessment of church property.
- arranges for an annual review of church financial assets.

1. Pledge Records

The Bookkeeper shall maintain the individual pledge records. These confidential records shall include name and address, amount pledged, timing of pledge payment(s) if indicated, and any special considerations. S/he will also provide regular statements to those individuals who do not pay their pledges in one lump sum.

2. Disbursements

The Treasurer or Assistant Treasurer shall make Church disbursements. When they are not available, the Minister may make disbursements.

All invoices or statements forwarded to the Treasurer or Assistant Treasurer for payment must bear the signature of the person approving the payment.

Users of church credit cards will follow the Use and Security of People's Church Credit Cards document.

3. Budget Line-Item Overruns

The Treasurer, when noting that a requested expenditure would cause the amount budgeted for a line item to be exceeded by 20%, shall notify the appropriate committee chairperson. The chairperson may drop the request or may seek a recommendation from the Finance Committee to the Board that the Board approve exceeding the amount budgeted for the line item.

4. Budget Line-Item Carry Over

Money budgeted for a line item but not spent or obligated cannot be transferred from one church fiscal year to the next.

5. Contracts

No contractual agreement shall be entered in the name of People's Church without prior board approval. In cases of extreme emergency, the Minister shall notify the Board president and appropriate temporary action will then be taken.

6. Collections Policy

Purpose

Giving in church is an important means for members, friends and others to come together and provide support to the church and for worthwhile projects outside it. Children and youth should also be encouraged to participate in giving. Collections are conducted and counted by members of the Finance Committee. Note that collections are not meant to replace funds contributed through pledges for the annually budgeted expenses of the church.

Weekly Sunday Collections

The church relies on routine weekly collections during Sunday services to augment revenue in support of church operations. Routine collections will not occur on Sundays with special collections.

Monthly Special Collections

People's Church may take ten special collections each church year. One Sunday in each month, September through June, may be designated for a special collection. The Minister and Social Justice Coordinating Committee shall work with the Sunday Services Committee to select appropriate dates and recipients.

All recipients of special collections must have non-profit status and exhibit values consistent with our UU Principles. Preference shall be given to organizations whose activities benefit residents of our local community. Consideration will be given to groups with existing relationships with People's Church.

Recipient organizations must follow policies in agreement with the UUA non-discrimination clause, available at https://www.uua.org/files/2022-10/uua_bylaws_10312022.pdf.

Emergency Special Collections

Requests for emergency collections may be presented to the Minister and must be approved by the Board of Trustees prior to the collection. Consideration shall be given to disaster relief appeals supported by Unitarian Universalist organizations.

7. Sale of Church-Related Products

People's Church has a history of selling church-related products within and beyond the church community. Such activities are encouraged, so long as they are consistent with our mission.

Process for Approval

All projects concerning the sale of church-related products must be pre-approved by the Finance Committee.

The products and their sale may serve several purposes:

1. as aids for religious life of families and individuals;
2. to increase connections among People's people;
3. to nurture enthusiasm for and knowledge of both Unitarian Universalism and People's Church;
4. to increase visibility of Unitarian Universalism and People's Church in the community;
5. to provide the opportunity to work together on a fun project; and
6. to provide the opportunity to work together on a project that has potential financial benefits.

The Finance Committee will determine if proposed product sales will serve any of these purposes as it decides which product sales People's Church will entertain.

The Finance Committee will also determine acceptable ways of advertising and selling the approved products.

Seed Funding

Under certain circumstances, seed money may be available for church-related products and must be authorized by the Board or a sub-committee so designated. The expectation is that whatever seed money is made available for the project will be recouped from the sale of the product.

8. Expenditures in Excess of 1% of Annual Budget

Approval

When church leaders (staff, minister, a committee, or ad hoc committee) believe it is necessary to make expenditures in excess of 1% of the annual budget of the church (approximately \$4,200 in 2023), they shall be required to research the proposed expense, and explore how the purchase can be made in alignment with the

church's values (including supporting businesses owned by people of color, women, and other minorities when possible).

The leaders proposing the expense shall notify the Finance Committee about the proposed expense. The board makes the final decision about the proposed expense, which shall be noted in the board minutes. If the board wishes, the leaders proposing the expenditure will join the board for a conversation about the expenditure, need, research and their recommendation.

Waiver

Immediate needs arise when it is impractical to follow this policy. Immediate shall be defined as an event that will imminently cause deterioration or danger to the church properties or personnel, such as furnace, water, or any other such event.

In situations of immediate need, the Board Executive Committee may waive the above policy. If it is not possible to consult with the entire Executive Committee, any member of the Executive Committee will have authority to authorize the expense.

Exclusions

The Treasurer or other person designated by the Board shall have the authority to pay all reasonable bills relative to utilities, phone, water, gas, electricity, salaries, and other reasonable expenses relative to the normal operation of the church, whether the amount exceeds 1% of the annual budget or not.

9. Gifts to the Church

Monetary gifts to People's Church, including bequests, are welcome and encouraged. It is hoped that all members, visitors and friends will give freely and with unrestricted generosity, allowing the governing processes of the church to manage its abundance.

Designated Gifts

When the church is offered an unsolicited gift that the donor has designated for a specific purpose, which may include endowment, church leaders will make an assessment before deciding to accept the gift, as indicated below.

The donor or a representative is expected to provide written responses to the questions below to aid decision-making. The donor or representative may have help preparing the statement from a committee, board or staff member.

To honor an equitable and transparent governance process, gifts offered anonymously for specific purposes not identified as church priorities will be declined.

- Gifts of funds or physical gifts of less than \$500

The Finance Committee will review and decide whether to accept the proposed designated gift at a committee meeting.

- Gifts of funds or physical gifts of \$500 or greater

The Board of Trustees will review the proposed designated gift at a board meeting. The Board has the responsibility to accept, reject or negotiate the terms and conditions of proposed designated gifts.

Review Questions

1. What is the description of the proposed gift?
2. What is the purpose/goal/outcome of the designated offering?
3. How and to what degree does the offer serve the mission and vision of the church?
4. What is the potential impact on the church program, members/staff, organizational or physical structure?

5. What additional costs are needed to implement or support the goal of the designated gift?
6. What is the timeline and expected lifetime of the designated gift?

The Board of Trustees minutes will include donor name(s) and the board's decision about the proposed designated gift. The Board will notify the Finance Committee of the board's acceptance of any designated gifts of funds or physical materials.

10. Endowed Funds and Other Investment Funds

People's Church maintains endowed funds and other investment funds.

Investment Policies

The Investment Committee

- shall invest church assets in accordance with the Investment Policy Statement.
- may provide for such professional counsel on investments or legal matters as it deems best, and may incur reasonable expenses in the execution of its duties paid from invested funds.
- may co-mingle invested funds for ease of investment management.
- shall separately account for each investment fund, attributing to each its proportionate share of changes in investment values, as well as recording gifts to and distributions from each fund.
- shall faithfully follow any restrictions placed on a gift by a donor and approved by the Board of Trustees.
- shall encourage the Board to accept endowment gifts to established endowment funds: Perpetual Pledge Fund; Social Service and Outreach Fund.
- shall generally direct undesigned gifts to the Palmer Fund.

11. Fund Descriptions

Non-Invested Funds

Operating Fund

- For the receipt of general church revenues and the payment of operating expenses.
- At fiscal year end, any surplus operating funds shall be transferred to the Palmer Fund.
- Any year-end deficits shall be fully funded with transfers from unrestricted invested funds, as determined by the Investment Committee.

Special Purpose Funds

- For Board- or congregation-authorized restricted purposes.
- They may include the Minister's Discretionary Fund, funds collected for specific purchases and special purpose funds (for example, Memorial Garden; AV).
- Crane Memorial Garden Fund is for additions and improvements to the Crane Memorial Garden. Requests for disbursement may be made at the discretion of the Treasurer or Minister. Denials may be appealed to the Board of Trustees.
- Funds held for special purposes for the church and funds held for other organizations on a pass-through basis shall be held in a separate interest-bearing account

Invested Funds

Endowment Funds

- Are expected to last indefinitely and generate earnings, presuming that the investment market over the long term will continue to grow.
- 5 percent of the fund's value as of December 31 may be utilized for the endowment fund's purpose.

Perpetual Pledge Fund

- To provide permanent support of the operations of People's Church.

Social Service and Outreach Fund

- For social responsibility efforts in the broader community, furthering the church's mission of supporting individual and collective service to and within the larger community, not to support activities for the church itself.

Non-Endowment Funds

Palmer Fund

- For church emergencies and unanticipated operational or improvement needs as determined by the Board of Trustees.

Building Fund

- For major capital expenditures, significant improvements or replacements, or emergency projects over and above regular maintenance.
- Distribution shall be determined by the Congregation as part of its customary budgeting process except for building emergencies that shall be determined by 2/3 vote of the Board of Trustees.
- Such action shall be reported to the Congregation in the next newsletter and at the next Congregational meeting.