

## **FINANCIAL CONTROLS POLICY THE UNITARIAN CHURCH IN SUMMIT**

**This policy supplements, and must be read in conjunction with, the financial controls specified in the By-Laws of the Church.**

1. The budgets that are adopted every year by the congregation for both the Operating Fund and the Long-Term Major Expense Fund should specify which groups are authorized to spend which funds.
2. Each group should be informed how much it has been allocated.
3. Each group, whether it is allocated money under the budget or has its own funds, should specify which members are authorized to spend money on its behalf.
4. No group, or member acting on behalf of a group, should request an additional allocation of budget money without either having spent its current allocation or detailing the group's plans for spending such allocation.
5. No group should, without the approval of both the Finance Committee and the Board, commit to spend money not on hand.
6. No money should be drawn against a group's appropriation, or fund, as the case may be, without the signature of an authorized person.
7. Each voucher for reimbursement should be accompanied by a bill or receipt.
8. Except as approved by the Treasurer, reimbursements should be made only to members and not to other persons or related business entities.
9. Except as approved by the Treasurer, a voucher authorizing reimbursement of one Church member should be signed by a different member. A voucher authorizing reimbursement of a member of a Church group should, again except as approved by the Treasurer, be signed by the chair of such group (or the group's designee) or by a different group member in the case of reimbursement of such chair or designee. In lieu of written authorization, a voucher may be approved by an email or telecopy sent to the Church Office Manager specifying both the person to be reimbursed and the amount of the reimbursement. The Church Office Manager shall attach such email or telecopy to the voucher.
10. Each group should receive a copy of the relevant portion of the monthly general ledger of the Church, so that it can track its receipts and expenditures.
11. Except as approved by the Treasurer, no group should commit to spend in excess of \$500 without receiving a written estimate of the final cost.

12. Any discrete project for which a written estimate of costs and scope of work has been received from a vendor or contractor and has been authorized by the appropriate committee chair or designee or staff member who has budget responsibility for the project may be undertaken if a contract specifying the scope of work and cost estimate is signed by the President of the Board or Treasurer, before the project is initiated for any project estimated to cost in excess of \$1,000.
13. It is already the policy of the Church that each special collection should be approved by the Board. In connection therewith, the Board should specify a member of the congregation to be responsible for the collection and disbursement of the moneys. Such person will also be responsible to ensure that the amounts disbursed do not exceed the amounts collected. Such person shall give an accounting to the Finance Committee of the special collection as provided in the Fundraising Policy. [See Fundraising Policy]
14. Just as it is Church policy not to hire members, the Church should not contract with, or buy from, members without the approval of the Board of Trustees.
15. No group that dispenses a portion of its receipts should distribute such funds without having a reasonable certainty that it will be able to pay for its next event, whether through funds on hand or fundraising or another means.
16. Any cash contributions by the Church can be made only to a recipient that has been established as a governmental organization or is a documented 501(c)(3) organization or church or other religious organization broadly recognized as the equivalent of a church. Written documentation representing the organization's 501(c)(3) status must be submitted to the Finance Committee in advance of a) any transfer of funds from the Church to the recipient and b) any fundraising activity organized by a member or group of members of the Church to solicit contributions from members of the congregation or the public. Documentation consisting of a copy of the proposed recipient's IRS determination letter, its most recent filing on IRS Form 990, its most recent audited financial statements or evidence of its listing in IRS Publication 78 <http://www.irs.gov/app/pub-78/> will be considered conclusive of such proposed recipient's meeting the standards set forth above. Less clear documentation will require the approval of the Finance Committee. Exceptions to the standards set forth above must be approved in advance by the Finance Committee, but an exception will be granted only if the person or group requesting such exception demonstrates that the proposed recipient does not engage, has not engaged, and does not propose to engage in any activity that could undermine the Church's status under Section

501(c)(3) of the Internal Revenue Code of 1986, as amended, or any successor thereto. The Unitarian Universalist Association of Congregations (UUA), the Unitarian Universalist Service Committee (UUSC), the United States Fund for UNICEF, United States Association for UNHCR, or the American Red Cross have been verified to be 501(c)(3) organizations and are permissible recipients.

17. If any fundraising activity of a member or group on behalf of another organization, or a proposed donation to another organization, raises a potential conflict of interest, the member or group proposing or voting upon the fundraising initiative or proposed donation shall comply with Articles I, II, III and IV of Appendix A to Internal Revenue Service Form 1023, a copy of which is set forth below and is available at <http://www.irs.gov/pub/irs-pdf/i1023.pdf>.

Approved 9/21/2009

**Internal Revenue Service Form 1023 (Appendix A)**  
(Rev. June 2006)

**Conflict of Interest Policy Excerpt**

**Article I: Purpose**

The purpose of the conflict of interest policy is to protect this tax-exempt organization's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

**Article II: Definitions**

**1. Interested Person**

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

**2. Financial Interest**

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a.** An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- b.** A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c.** A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

## **Article III: Procedures**

### **1. Duty to Disclose**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

### **2. Determining Whether a Conflict of Interest Exists**

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

### **3. Procedures for Addressing the Conflict of Interest**

**a.** An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

**b.** The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

**c.** After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

**d.** If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

### **4. Violations of the Conflicts of Interest Policy**

**a.** If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall

inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

**b.** If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

#### **Article IV: Records of Proceedings**

The minutes of the governing board and all committees with board delegated powers shall contain:

**a.** The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

**b.** The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.