

Financial Records Review Committee Annual Report

2009-2010 Church Year

Financial Records Review Committee (FRRC) Members: Steve Hedges, David Robbins

A review of the financial records of the UU Church of Nashua was conducted on May 10, 2010, with Steve Hedges, David Robbins, and Mike Wilt (Church Treasurer) in attendance. Similar financial record reviews of White Wing and the Cemetery Association were held on May 18 and May 16, respectively. In attendance at the White Wing review were Steve Hedges, David Robbins, Deb Castonguay (White Wing Director), Joyce Bedard (White Wing Treasurer) and Kate O'Shea (White Wing Chair). Present at the Cemetery Association review were Steve Hedges, David Robbins and Russ Leonard (Cemetery Association Treasurer). All records examined were found to be in satisfactory order, the accounting processes and record-keeping systems were well organized and sound, and no outstanding anomalies were observed in any of the records reviewed. A summary of each of these reviews is included in this report.

UU Church of Nashua

As in previous reviews, it was clear that the Treasurer, Mike Wilt, continues to carry out the duties of his office in a thorough and organized manner. With the help of his two Assistant Treasurers, Phil Brown and Jim Bonvouloir, Mike maintains the church's accounting, transaction and payroll processes using an automated approach that minimizes human error and facilitates independent audits or reviews. The Treasurer uses QuickBooks to keep track of the church's finances, allowing rapid, accurate and reliable online reconciliation between our records and those of the bank. PayCycle, a web-based payroll application is used for automatically processing paychecks for both the Church and White Wing staff. Mike's recommendation last year to create a second Assistant Treasury position (adopted at the Annual Meeting last June) has expanded the number of church members who are proficient in the bookkeeping processes and computer applications that Mike has put in place – an important step toward ensuring the ongoing maintenance of our financial records.

The FRRC reviewed the Treasurer's comparison statement that provides an itemized accounting of income and expenses relative to church's annual budget. The committee's assessment is that the statement is structured in a way that allows the Executive Board and the Congregation to clearly see the total costs associated with each functional aspect of the Church, including Operations, Property, Music, Religious Education, and Spiritual/Ministry. This functional approach to budgeting and accounting was not established as recently as three years ago and represents a marked improvement that Mike and his Assistant Treasurers have put in place.

The FRRC conducted spot checks of the paper and/or electronic records of several random transactions. All records reviewed were accurate, well organized and easily validated.

White Wing School

White Wing is officially a branch of the church and operates under the same federal tax ID number. The financial books for White Wing, however, are kept separate from the church's books, except for payroll, which is essentially handled as an administrative passthrough (zero-net) item in the church's budget. The bulk of White Wing's \$190K+ income comes from tuition and their major annual expense is payroll (approximately \$140K). The school makes an annual occupancy payment to the church, which amounts to facilities rental, utilities and custodial services. This year, this occupancy payment is \$23,000, which is scheduled to be paid in full before the end of April. A money market account is used to hold the bulk of White Wing's assets, with funds transferred to a Citizens Bank checking account in small increments to support operational expenses.

Similar to the process used to assess the church's financial records, the FRRC reviewed White Wing's year-to-date Profit & Loss Comparison Statement. The way this Statement is constructed led

to some confusion with respect to the accounting of several fundraising activities and how the resulting proceeds were expended (e.g. scholarships, additional classroom supplies, etc.). These items were explored further and were all found to be reconcilable, though the FRRC made a recommendation to the White Wing officers that they be itemized more clearly in future P&L Comparison Statements. Kate O'Shea acknowledged the confusion and said that it had been her intent to institute such a change next year.

QuickBooks, the same accounting application used by the Church, is used by the White Wing School for maintaining its financial records. This commonality of accounting processes is viewed by the FRRC to be very advantageous. To supplement these accounting practices, an independent accountant is hired to check the books monthly and to perform a full bank statement reconciliation.

Similar to the process applied to the review of Church finances, the FRRC conducted spot checks of the electronic transaction record and verified them against paper invoices and receipts. The filing of paper records of invoices, payments, bank statements, etc. were found to be well-organized and paper records that matched spot-checked electronic transactions were quickly located by the Treasurer. White Wing periodically backs up the QuickBooks data files, though the White Wing officers on-hand were unsure as to whether or not any of these backups are periodically stored offsite for security reasons (i.e. in case of fire). The FRRC recommended that such a practice, if not already in place, be adopted.

In summary, White Wing's financial health is sound and their record keeping is commendable.

Nashua Cemetery Association

According to 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 source of income for the NCA is their invested funds account. These funds have been combined with the church's endowment into a common investment fund, but the Bank of America tracks the two balances separately. The NCA has set up automatic monthly payments from this fund equal to the combined interest and dividends paid by the cemetery's portion of the investment fund.

The balance sheet for the NCA is relatively simple and the review performed by the FRRC was straightforward. The bulk of the expenses go to general maintenance of the grounds, which is contracted out as hourly labor to congregant Jim Thorpe. An examination of selected invoices, payments and bank statements demonstrated that the records were accurate and complete.

Acknowledgment

We would like to extend our sincere appreciation and gratitude to all parties who opened their books and responded to the inquiries of the FRRC. Without exception, everyone was extremely open, accommodating and supportive of the process. Special thanks go to Mike Wilt, Deb Castonguay, Joyce Bedard, Kate O'Shea and Russ Leonard.

Respectfully Submitted:

Steve Hedges

David Robbins