

# **Financial Records Review Committee Annual Report**

## **2011-2012 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 16, 2012, with Steve Hedges, David Robbins, and Mike Wilt (Church Treasurer) in attendance. Also participating in that review was John Probst, who sat in as an FRRC intern. Similar financial records reviews of the White Wing School and the Nashua Cemetery Association were held separately on May 15 and May 16, respectively. In attendance at the White Wing review were Steve Hedges, David Robbins, John Probst (FRRC Intern), Deb Castonguay (White Wing Director), Amy Better-Savoie (White Wing Chair) and Kate O'Shea (previous White Wing Chair). Present at the Cemetery Association review were Steve Hedges and Russ Leonard (Cemetery Association Treasurer). All records examined were found to be in satisfactory order, the accounting processes and record-keeping systems were sound, and no 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**

Mike Wilt, with the support of his two Assistant Treasurers, Phil Brown and Jim Bonvouloir, continues to carry out the duties of the Treasurer's office in a thorough and organized manner. Together they maintain the Church's accounting, transaction and payroll processes using an automated approach that minimizes human error, maximizes transparency and facilitates independent audits or reviews. As in the past, QuickBooks business accounting software developed and distributed by Intuit, Inc., is used 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 (also acquired by Intuit in 2009) is used for automatically processing paychecks for both the Church and White Wing staff. As in years past, Mike organizes the Church's financial accounting in a Functional structure, separating expenses according to the categories that align with the Church's mission (e.g. Outreach, Denominational Support, Membership, Religious Education, Music, Spirituality/Ministry, etc.). This allows the Board of Trustees and the Congregation to assess our relative focus in these areas and make adjustments based on strategic priorities.

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 School is a branch of the UU Church of Nashua and operates under the same Federal Tax ID number. The financial books for White Wing, however, are kept separate from those of the Church, except for payroll, which is handled as an administrative pass-through (zero-net) item in the Church's budget. The bulk of White Wing's income comes from tuition and their major annual expense is payroll. The school makes an annual occupancy payment of \$23K to the Church, which amounts to facilities rental, utilities and custodial services.

White Wing uses QuickBooks, the same accounting application used by the Church. This brings with it all the same benefits as found in the Church's accounting and the commonality of financial processes is viewed by the FRRC to be very advantageous. To supplement these accounting practices, an independent accountant is hired to check and reconcile the books monthly.

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. All income and expenditures were found to be reconcilable, though the FRRC made five specific recommendations to the White Wing officers to facilitate record-keeping throughout the year and to make future financial records reviews more meaningful:

1. Record all financial statements on a Cash basis (vice an Accrual basis).
2. Tie out cash for all interim and yearly financial reports.
3. Don't carry expenses from one year to the next, showing them as liabilities. Pay down all liabilities by the end of each fiscal year or move them to the asset column where they belong.
4. Consistent with the Church's practice, don't show fixed assets (non-cash assets such as furniture) on the White Wing balance sheet.
5. Be prepared to present a comparative financial report (year-to-prior-year) during the 2012-2013 Financial Records Review cycle.

Despite these recommendations for improvement, White Wing's financial record-keeping was found to be well-organized and paper records matched spot-checked electronic transactions. In summary, the White Wing School's financial health is sound and their record keeping is satisfactory.

### **Nashua Cemetery Association**

According to the 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 FRRRC was straightforward. The bulk of the expenses go to general maintenance of the grounds, which is contracted out as hourly labor to congregant Jim Thorp, who maintains the cemetery grounds. An examination of selected invoices, payments and bank statements demonstrated that the records were accurate and complete. The NCA projects a small net surplus for the 2011-2012 fiscal year.

### **Acknowledgement**

We would like to extend our sincere appreciation and gratitude to all parties who opened their books and responded to the inquiries made by the FRRRC. Without exception, everyone was extremely open, accommodating and supportive of the process. Special thanks go to Mike Wilt, Deb Castonguay, Amy Better-Savoie, Kate O'Shea and Russ Leonard. This year we also thank John Probst who, in his role as FRRRC intern, provided valued insight and recommendations to the Financial Records Review process.

Respectfully Submitted:

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Steve Hedges

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David Robbins