

# Financial Records Review Committee Annual Report

## 2012-2013 Church Year

Financial Records Review Committee (FRRC) Member: David Robbins\*

Our bylaws require annual financial record reviews of the church, White Wing School and the Cemetery Association. The reviews verify that the fiscal records and financial transactions of each component are transparent, orderly and consistent.

The Committee conducted separate reviews in May for the UU Church (Mike Wilt, Treasurer) and White Wing School ( Deb Castonguay , Director, Amy Better-Savoie , Chair and Gillian Hinkle, Treasurer). The Cemetery Association review (Russ Leonard, Treasurer) was conducted in early June.

All records examined were found to be in satisfactory order, the accounting processes and record-keeping systems were sound, and no anomalies were observed. A summary of each review follows.

### **UU Church of Nashua**

Mike Wilt, with the support of his two Assistant Treasurers, John Brobst and Jim Bonvouloir, continues to carry out the duties of the Treasurer's office in a thorough and organized manner. 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. QuickBooks business accounting software 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 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. The FRRC conducted spot checks of several random paper and/or electronic records transactions. All records reviewed were accurate, well organized and easily validated.

Our church is moving to correctly classify our size within the denomination as we entertain ministerial candidates. This will impact the budget, staff salaries and benefits and the compensation package offered to our new minister. It may impact program offerings and the scope of our community outreach. The fiscal tools Mike has devised and uses will be tremendously helpful as we chart our new course.

### **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 includes facilities rental, utilities and custodial services.

White Wing uses the same accounting program as the Church. This commonality is viewed by the FRRC as 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 and in order. In the 2011 – 2012 report the FRRC made five specific recommendations to facilitate record-keeping throughout the year and make future financial records reviews more meaningful. These recommendations were not clearly forwarded to the appropriate WW officers and accordingly not fully considered by them. The FRC will ensure transmission this year.

1. Record all financial statements on a Cash basis (v. 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 next Financial Records Review cycle.

Despite these recommendations for improvement, White Wing's current financial record-keeping was found to be well-organized and transparent. In summary, the White Wing School's financial health is sound and their record keeping is satisfactory.

White Wing has entered a period of fiscal constraint. Applications are down as fewer families are able to pay the full tuition and the pre-school population shrinks. White Wing is diversifying by offering additional school year and summer programs to increase revenue. That said White Wing appears fiscally strong and able to adjust appropriately to changing demographics and demands.

### **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 sources of income for the NCA are their invested funds account and the sale of space in the Memorial Garden. 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 balance sheet for the NCA is relatively simple and the review performed by the FRRRC was straightforward. This year more than \$19,000.00 was spent on fence, wall and tree repair/maintenance. An examination of selected invoices, payments and bank statements demonstrated that the records were accurate and complete.

While the NCA appears in good fiscal health they need to liquidated \$15,000.00 in principal to meet the projected budget of \$27,329.00. As with other reviewed components they are facing increased expensed and dwindling revenue.

### **Acknowledgement**

The committee would like to extend sincere appreciation and gratitude to all parties who opened their books and responded to FRRRC inquiries. Without exception, everyone was extremely open, accommodating and supportive of the process.

Respectfully Submitted:

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David S. Robbins

\*Steve Hedges, FRRRC Chair, was required to withdraw from the committee and unable to participate as he was appointed a member of our Ministerial Search Committee. A one member committee is an anomaly for this year only.