

Financial Records Review Committee Annual Report 2013-2014 Church Year

Financial Records Review Committee (FRRC) Members: David Robbins, Frank Grossman

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 for the UU Church (Mike Wilt, Treasurer), White Wing School (Deb Castonguay, Director, Amy Better-Savoie, Chair) and Cemetery Association (Russ Leonard, Treasurer).

Subject to the recommendations below all records examined were found to be in satisfactory order.

UU Church of Nashua

Mike Wilt, with the support of his two Assistant Treasurers, 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 and accurate online reconciliation between our records and those of the bank. 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. It should be noted that while the QuickBooks P&L report presented to us said Accrual on it we were informed that the accounting was actually being done on a cash basis.

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 to the Church which includes facilities rental, utilities and custodial services.

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 common with other area schools White Wing is experiencing reduced enrollment and increased costs. In response the school has instituted a summer program and a morning/afternoon child care option. The White Wing board has begun internal discussions to consider options for strengthening the school's finance and ensuring continued viability. It should be noted that while the QuickBooks P&L report presented to us said Accrual on it we were

informed that the accounting was actually being done on a cash basis.

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 spreadsheet and the review performed by the FRRC was straightforward. An examination of selected invoices, payments and bank statements demonstrated that the records were accurate and complete.

Concerns / Recommendations

It can be said that the best time to put in place policies that protect us from our future evil selves is when times are good. Protection policies can be done in ways that do not feel bureaucratic or impeded normal day to day business. There were a few areas that we felt could use tighter controls. In some components one person has the ability write checks for large amounts without a second signature. While it is assumed this is always for business, a wrong doer could quickly deplete an account. There are ways to protect against this, such as requiring two signatures on a check over the largest amount that would be needed for daily business. In one component an officer could make a call to the investment manager and request a transfer of any amount from the endowment to a church bank account. It might make sense for the investment manager to be given a policy of calling another officer for any non-normal transfers. Finally, since all these sub groups operate as part of the UU Church the FRRC would recommend a simple procedure where at the end of each fiscal year the Treasures Office get a copy of each sub groups P&L and make sure that the bank accounts match the beginning and ending balance from those reports.

The FRRC suggests that fiscal policies, after adoption by the church, should be followed by all sub units of the church. We further suggest that all sub units be asked to provide specific rationales for deficit budgets and that all units with endowment income follow a total return policy.

We note that the NCA is using its own unique tax ID number when issuing 1099s. We suggest the church review this and have the NCA use the church TIN in the future.

We were informed that the Special Gifts also keeps its own records and accounts, but are a sub-group of the Church. If this is accurate we suggest future FRCCs review them as well and that they adhere to any church policies required of sub groups.

In making these recommendations we recognize we may have transcended the technical limits of our charge. It is not our intent to criticize past actions or suggest inappropriate changes. We believe it important to raise these concerns to the Board and let it and the congregation decide what, if any, action should be taken.

Acknowledgement

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

Respectfully Submitted:

_____/s/_____

David S. Robbins

_____/s/_____

Frank Grossman