

MONITORING REPORT: FINANCIAL

Executive Limitations Policies #6

August 2018

POLICY EL #6: ASSET PROTECTION

There have been no changes in the ET's interpretation of this policy and we report compliance.

The Executive Team shall keep the assets protected and adequately maintained.

EVIDENCE:
Accordingly, they must:

- 1. Insure against theft and casualty losses as close to replacement value as possible, less reasonable deductible and/or co-insurance limits.**

We report compliance. The Executive Team has appraisals done of the church's physical property on a regular basis, usually every 5 or 6 years. The Business Manager consults with the appropriate agents and vendors regarding insurance policies when needed. We make sure that insurance policies that sufficiently cover the church's physical property against loss and theft are kept up to date.

The Executive Team had an appraisal done of the church's art work in February 2011. This year we are scheduled to do an update to that appraisal for insurance purposes.

Our last replacement building appraisal for our facility was completed in September 8, 2016. Our insurance policies were adjusted to reflect the new value for FY 18/19. The policies are paid and we are sufficiently covered for replacement and rebuild of our physical property against loss and theft.

2. Insure against corporate liability and personal liability of Board members and staff, taking into account pertinent statutory provisions for indemnification and exemptions applicable to Delaware non-profit organizations.

We report compliance. The Executive Team purchases insurance that will cover staff, volunteers and Board members in the case of litigation against them or the church. We will be in compliance with this policy when the Executive Team has paid the insurance policies that sufficiently cover the paid staff, volunteers, and Board members.

The Executive Team has the director's liability insurance and employment practices liability policies under a single vendor. This policy is reviewed with our insurance agent on an annual basis. Church liability insurance, as well as employer practice and board of trustee liability policies are up to date and paid as of June 20, 2018.

3. Not allow single party access to church funds.

We are in compliance. We do not have single party access to church funds. The Executive Team works with internal and external auditors to review all financial procedures on a regular basis.

Our financial staff consists of two people, the Congregational Administrator, Chrissy McCullin, who handles accounts receivable, payroll and some account reconciliations as well as the Business Manager, Marina VanRenssen, who handles accounts payable, and the operating account reconciliations. In addition, the Treasurer acts as an authorized signer on church accounts along with the Business Manager and Rev. Roberta Finkelstein.

An internal audit team commissioned, by the Board and treasurer, conducts quarterly internal audits. Audits were completed on May 16, 2018, January 24, 2018, and Sept 25, 2018. No issues were found.

4. Keep facilities and equipment maintained and protected from unnecessary wear and tear.

We report compliance. The Executive Team conducts regular inspections of the church's building, grounds, and equipment. Jim Weddell, of our Building and Grounds Team, as well as Ernie Congo, our Building Coordinator, conduct regular walk-arounds, and identify maintenance issues around the

building and grounds. In addition, we track issues as they arise, and coordinate efforts of volunteers, custodial staff and outside vendors to address maintenance issues. The last safety audit was completed in February 2018.

Here are some examples of maintenance projects have been accomplished during the past 6 months:

- Repaired EEC cabinets in August 2017
- Repaired screens in October 2017
- Repaired garden door lock October 2017
- Brown tile replacement in first floor hallway January 2018
- Fix coffee machine issues June 2018

5. Not unnecessarily expose the organization, its Board or staff to claims of liability or risk the nonprofit status.

We report compliance. The Executive Team maintains a line item in the budget for hiring a lawyer. If a claim of liability or revocation of nonprofit status is made, then the Executive Team will consult with an attorney. We have had no claims of liability or revocation of the church's nonprofit status.

6. Receive, process or disburse funds under controls sufficient to meet the Board appointed auditor's standards or other government standards.

We report compliance. The Executive Team develops processes and procedures for handling church funds in accordance with the approved recommendations of the Board's external auditor. We follow those procedures, which include:

- Requiring documentation for all reimbursement requests and credit card charges on church staff credit cards
- Obtaining check copies with bank statements for our primary operating accounts at PNC Bank
- Retaining all invoices and requests for payment in support of accounts payable for at least 10 years
- Retaining all documentation related to donations, rent income and other deposits to our accounts for at least 10 years

7. Invest assets needed to supply cash flow for short-term needs (less than two years) or where the timing of the need for monies is undetermined, in money-market funds and other liquid fixed-income investments. Specifically, they must:

- a) **Use government-insured or government-backed accounts for all money funds.**
- b) **Keep stocks, cash or tangible property gifted to the church for a specified purpose separate from the overall investment portfolio until such time that the church uses the gift.**
- c) **Sell individual securities that are gifted to the Church and invest the proceeds according to the then current asset allocation of the specific fund.**

We report compliance.

- The Executive Team uses FDIC insured accounts or government backed securities for all money funds, including our operating checking account, our stock donations account and savings accounts not under management by the Board's Investment Committee.
- All donations designated with a specific purpose are accounted for separately under our chart of accounts.
- The ET maintains a minimum balance in the church checking account of around \$50,000. Income and expenses are monitored to make sure that we have enough income to cover anticipated expenses. When the balance in the operating checking account drops below \$50,000, funds may be moved from other accounts.
- All donations received as stock donations are sold as soon as our broker or our office is aware of them, and the proceeds are then allocated to the appropriate donation account. Stock transfer donations are received into a brokerage account, sold, and invested in a government money market fund or FDIC insured CD's. We leave the money invested at the brokerage account until needed for the operations account. If necessary, the proceeds of the sales of those stock donations are transferred to the operating checking account.

Stock donation examples in FY 17/18 included:

- 10 shs IVV recd 4/13/2018
 - 20 shs Chemours 5/3/2018
 - 10 shs Illumina 10/25/2017
- Group Fund income and expenses usually flow through the operating account. However, Group Funds also have a savings account. When the operating account drops below \$50,000, if there are accumulated group fund expenses that were paid in excess of the income the group took in, we may move funds from the Group fund savings account to reimburse the operating account. We may also move income from Group funds from the operating account to the Group funds savings account if appropriate.

- Our chart of accounts is extensive. The Balance Sheet and P & L report to the treasurer each month detail the different accounts.

8. Assist the investment committee as needed in overseeing the performance of church investments.

- In general, the Business Manager assists the board investment committee when requested, primarily to execute transactions.

9. Protect intellectual property, information, and files from loss or significant damage.

We report compliance. The Executive Team has security procedures in place that protect the intellectual property, both physical and electronic, of First Unitarian Church. These include the following security procedures in place:

- Weekday visitors are required to identify themselves and sign in.
- We have custodial staff on duty in the evenings when the building is open for evening activities, and they are responsible for securing the building when they leave at the end of the evening.
- The church has multiple wireless networks which require passwords for access.
- Money and checks are dropped into a secure money slot on Sunday.
- Financial records are kept in locked offices. Quickbooks and Church Windows databases are password protected.
- Computer data is backed up offsite at PCGi, our computer service vendor. In addition, we have a backup server on site to facilitate restoration of data in the event of a hardware issue with our server.

10. Maintain the organization's public image or credibility, particularly in ways that would hinder accomplishment of its mission.

We report compliance. We have had no activities which endanger the organizations public image or credibility.

Respectfully submitted by the Executive Team,

Rev. Roberta Finkelstein,
Marina VanRenssen,
Lois Morris,
Randy Windle