

Effective June 14, 2012

Amendments:

10/23/12

11/19/12

1/21/13

10/29/13

11/11/14

1/11/17

5/24/17

11/28/18

FINANCIAL MANAGEMENT POLICIES

UNITARIAN CHURCH OF MONTPELIER

Introduction

These Church Financial Management Policies are prepared in response to the request from the Board on November 30, 2011 that the Executive Team describe the process and systems that, in the ET's view, should or do exist in our policy governance structure to guarantee adherence to the Executive Limitations related to Financial Planning and Budgeting, Financial Conditions and Activities, and Asset Protection.

These Policies were first adopted by the Executive Team on June 14, 2012.

As members of the Unitarian Church of Montpelier we are in covenant with one another. That covenant is lived out in many ways, including our system of governance, and the use of funds that are donated to the Church. The Board, the Executive Team and the Congregation as a whole agree on how we will spend our financial resources. The Congregation, Church Committees and staff will strive to make financial decisions and use Church resources in ways that are consistent with and will further the Church Mission:

We welcome all as we build a loving community to nurture each person's spiritual journey, serve human need, and protect the earth, our home.

I. OVERSEEING THE FINANCIAL HEALTH OF THE CHURCH

The Church uses the following structures and committees to oversee and manage the finances of the Church. A brief but not all-inclusive description of roles and responsibilities for each entity follows.

A. Congregation: Approves the annual budget and any expenditure in excess of limits set by the Church bylaws or Board policies. Calls the Minister.

B. Board: Establishes policies that guide the Executive Team. Approves the Annual Budget for submission to the Congregation at the Annual Meeting, and any proposal for extraordinary expenditures not within authority of the Board or Executive Team to make and that must be approved

by the Congregation. Based on the recommendation of the Executive Team, hires all staff except for the Minister. Reviews the financial position of the Church at least four times per year. Ensures that there is a financial review of all congregational policies, practices and accounts by an outside auditor at least every three years.

C. Executive Team: Makes management and financial decisions that are consistent with Board policies and the Mission of the Church. Reviews the financial position of the Church at least bi-monthly. Reviews and recommends the proposed annual budget to the Board. Makes recommendations to the Board for new staff hires. Approves Church procedures relative to financial management proposed by Church committees. Approves changes in insurance coverage or carriers based on the recommendation of the Finance Committee. Approves budget adjustments based on the recommendations of the Finance Committee.

D. Financial Officer: The Financial Officer provides financial expertise and advice to the Board and the Congregation and sees that Board members are properly trained to carry out their financial oversight responsibilities

E. Finance Committee: Solicits input from Church staff and leaders and prepares a proposed annual budget for consideration by the Executive Team. Manages donations made to the Church. Recommends to the Executive Team any needed budget adjustments. Oversees the investments of the Long Term Invested Fund. Oversees the Church liability and property insurance, and recommends any substantive change in coverage or a change in carriers to the Executive Team. In cooperation with the Administrator oversees the Church financial practices. Addresses any audit findings. Maintains Church financial management policies and recommends changes as necessary to the Executive Team. Supervises and trains Church members responsible for counting Church pouch collections, and completing and filing state and federal tax forms.

F. Stewardship Committee: Fosters the spirit of financial stewardship in the members and friends of the Congregation. Oversees fundraising activities and conducts the annual budget drive. With the assistance of the Administrator maintains a system of recording budget drive financial commitments made and financial commitments received throughout the year, and facilitates bequests made to the Church. Sends out periodic statements to pledging units.

G. Treasurer: The Treasurer is in charge of all funds of the Church, keeps an account of the funds received by the Church and of all disbursements. The Treasurer reports at the Annual Meeting, and when necessary at special meetings and committee meetings on the financial condition of the Church and its budget. The Treasurer should be a member or ex-officio member of the Finance Committee. The Treasurer will report periodically to the Executive Team on the financial status of the Church. Reports to the Executive Team will be shared with the Governing Board and if requested, the Treasurer will meet with the Governing Board to review financial issues that may arise during the year.

II. CONFLICT OF INTEREST POLICY

This Conflict of Interest Policy was developed following recommendations made by an independent auditor in January of 2012, based on the auditor's review of the existing financial management policies of the Church. The policy is adapted from the UUA Conflict of Interest Policy.

All officers, employees, Board members and Executive Team members of the Unitarian Church of Montpelier and all members of UCM committees shall scrupulously avoid any conflict between their personal, professional, or business interests and the interests of the Church.

No officer, employee, Board member, Executive Team member or committee member of the Church may use or influence the use of the Church's financial, personnel, or other resources for personal benefit, or for any purposes other than the achievement of the ends of the Church.

A "conflict of interest" is any actual or potential situation in which an individual's close relationship to another party would make it difficult for the individual to be unbiased in carrying out his or her obligations to the Church.

The Executive Team shall assure that all officers, employees, Governing Board and Executive Team members, and committee chairs are informed of this policy in writing via email or other method.

Any Church officer, employee, Governing Board or Executive Team member or committee chair shall disclose possible conflicts of interest to the Executive Team. Any issues related to the Conflict of Interest Policy shall be directed to the Executive Team.

III. PREPARING AND MONITORING THE ANNUAL BUDGET

A. BUDGET PREPARATION PROCESS

The Church fiscal year begins July 1, and ends June 30 of the following year.

The Board, through its strategic planning process with the Congregation, will establish goals and priorities relating to such areas as program development, capital planning, membership development, staffing and staff development, among others. When established these priorities are reviewed and discussed by the Executive Team. The ET will identify those that can be accomplished (in whole or in part) in the upcoming budget cycle, taking into account those identified by the Board as being of highest priority.

The Executive Team will provide budget guidance related to one or more of the identified priorities. At the Council of Chairs meeting prior to the beginning of the budget development process (late fall – early winter), the Board's priorities and the ET budget guidance and timeframes will be reviewed and discussed, providing an opportunity for commenting on the proposed priorities and with an aim of identifying ways in which Church committees can collaborate in achieving the identified priorities. In the budget process the Executive Team considers carefully the Church Mission statement, the Governing Board's goals and priorities, and the Church commitment to Fair Compensation.

The budget responses from committees and staff are then compiled by the Finance Committee into a proposed budget that is reviewed by the Executive Team along with any issues or recommendations identified by the Finance Committee. The priorities articulated in the draft budget are used by the Stewardship Committee to guide the budget drive and budget drive goals.

Following the completion of the annual budget drive, the Executive Team again reviews the budget to align spending with the funds expected from the budget drive and other sources of income, ensuring that funds are allocated to the extent possible to achieve or advance the goals and priorities established

by the Board. Following approval by the Executive Team and Board, the proposed budget is submitted to the Congregation for adoption at the Annual Meeting.

B. MONITORING

On a regular basis, but not less than once every other month, the Executive Team reviews the Church's current financial status to ensure that spending is consistent with the budget. This is done by examining the most recent financial statements which include:

1. Profit and Loss statement compared to Budget
2. Capital budget statement
3. Balance Sheet
4. Expense statement detail

Issues are identified and if necessary budget adjustments are made or solutions to budget issues are proposed for consideration by the Executive Team.

The Board reviews the financial position of the Church at least once in the October - December quarter, the January – March quarter, and the April –June quarter, and following the completion of each budget year. It considers and acts upon any budget recommendations made by the Executive Team.

If there are sufficient Church resources, the Executive Team may authorize additional expenditures in a committee, program or specific line item of the annual Church budget, in an amount not exceeding \$5,000. The Executive Team may if necessary authorize reductions in a committee, program or specific line item of the annual Church budget if Church resources are projected to be insufficient to meet expenditures in any Church year.

IV. OVERSEEING THE LONG TERM INVESTED FUND

The Church maintains an endowment fund referred to as the Long Term Invested Fund (LTIF). The LTIF is invested in a stock and bond portfolio managed by the Trust Company of Vermont (TCV). Funds are invested based on investment policies provided TCV by the Church, which are attached. The current fund manager contact is Richard Pearce, Managing Director of the TCV. His contact information is:

Trust Company of Vermont
286 College Street
Burlington Vermont 05401
866-616-0070
802-846-9860

The Treasurer receives the monthly statements from the TCV and is the primary TCV contact for the Church in providing guidance and instruction for the transfer of funds from the LTIF to the Church operating funds.

The Finance Committee meets periodically (at least once every other year) with Mr. Pearce and reviews

the financial performance of the Church portfolio, provides guidance on investment policies, discusses the status of the socially responsible investing desired by the Church, and reviews the Investment Management Review/Outlook provided by TCV. The Finance Committee also reviews the Church investment guidelines at least once every five years or more frequently if necessary (see Appendix A)

Each year a portion of the LTIF is used to support ongoing Church activities in the budget. Withdrawals are limited by the Church bylaws to 5% of the portfolio value annually based on the LTIF value as of the previous January. However, the current policy is to only transfer 4%, and all of it is transferred to the Capital Fund.

No amount may be transferred from the LTIF without approval of two-thirds of the votes cast at a warned Church meeting if the total amount transferred in a single year would exceed five percent of the fund balance on the preceding January 1.

V. ENSURING THAT THE CHURCH IS PROPERLY INSURED

It is the responsibility of the Finance Committee to ensure that Church property is insured at appropriate loss values and that appropriate bonding is obtained for individuals involved in the expenditure of funds and book-keeping for the Church.

The Church has a comprehensive property and liability insurance policy. The current insurer is Church Mutual Insurance Company. The contact is:

Jay Strauss
Regional Representative
Church Mutual
3000 Schuster Lane
Merrill, WI 54452
(800) 554-2642 (Menu option 1)
jstrauss@churchmutual.com

The policy is to review coverage with the agent in an in-person meeting at least every two years. In addition at least every five years coverage options and costs available through other carriers should be reviewed based on proposals solicited from those carriers.

Annually the Church is asked to sign off on an estimate of the current Church value in order to establish coverage limits. This is done by the Chair of the Finance Committee or Committee member designated as the lead person on insurance matters.

Coverage highlights of the Church policy (2014) are as follows:

Blanket Building and Property: \$2,578,403 (\$2,500 deductible).
Professional and General Liability: \$2,000,000 per occurrence; \$5,000,000 aggregate;
Sexual misconduct: \$100,000, \$300,000
Flood: \$25,000

Workers Compensation: provided through Church Mutual (rate based on payroll)

VI. MANAGING CHURCH FUNDS

All Church bank accounts are currently (2012) at the Northfield Savings Bank, except the Long Term Invested Fund, which is managed by the Trust Company of Vermont. The money in the Church accounts is assigned to various funds based on actions of the Congregation or Church committees. Balances in each account are identified through the Church accounting system.

A. Major Church Funds

General Fund: This fund is used to support the ongoing operations of the Church, including staff compensation, administrative costs, program and committee expenses, and dues in support of the UUA and District. Expenditures may be made from the General Fund as authorized by the Congregation, as authorized by the annual budget, or as authorized by the Executive Team or Board in any amount not exceeding \$5000.00.

Endowment (Long Term Invested Fund): The Church endowment is made up of invested funds managed by a professional investment management firm. Gifts of cash or securities can be designated to go to the endowment. The Church can use up to 5% of the endowment each year to support the annual operations of the Church. Currently they are used to support the Capital Fund, based on the understanding that 5% represents the average projected growth of assets invested in the market.

A financial bequest made by former Church member Kurt Keve is a part of the LTIF. An amount not exceeding 5% of the value of the Keve Fund is annually transferred to the General Fund, rather than the Capital Fund.

The policy of the Executive Team is to allocate the annual withdrawal from the LTIF to the Capital Fund. This is currently limited to 4% of the LTIF portfolio value due to volatility and weakness in investment market growth. Some analysts are suggesting that long term investment growth on the order of 3% may be the norm, so the possibility of a downward revision in the withdrawal policy should be regularly reviewed by the Finance Committee, with any recommendations for changes being made to the Executive Team.

Capital Fund: This is used to maintain the Church building and major pieces of equipment in the building. To simplify accounting, routine building maintenance expenditures paid from the General Fund are now listed under the Capital Fund. The annual withdrawal from the LTIF is placed in the Capital Fund, and may be supplemented by an annual contribution from the General Fund.

Capital Reserve: Funds for a capital reserve are designated in the LTIF in amounts determined by vote of the Congregation. The fund is designed to contribute to the financing of projects that are expected to cost more than can be covered by the annual LTIF withdrawal amount. The reserve fund aids in smoothing out year to year capital expenditures and financing larger projects.

The LTIF manager (The Trust Company of Vermont) tracks the value of the amount designated for the reserve on a month to month basis based on the change in value of the LTIF as a whole. The value is determined as of the last day of each month.

The amount that can be used for approved projects at the point of withdrawal is the value of the amount of the designated funds based on the growth of the LTIF, or the amount originally designated by the Congregation if there is a loss in the value of the LTIF, whichever is greater. Use of funds from the reserve does not require additional authorization by the Congregation.

Expenditures may be made from the Capital Fund as authorized by the congregation, or as authorized by the annual budget. The Executive Team may authorize unbudgeted spending from the Capital Fund in any amount not exceeding \$5,000.00. Congregational approval is required for any expenditure exceeding \$5,000.

a. Projects included in the approved budget

If necessary, the Chair of the Property Committee may authorize additional spending of up to \$2,000.00 on any project included in the Congregation approved budget.

b. Projects not included in the approved budget

The Chair of the Property Committee may spend up to \$2,000.00 on any unbudgeted but necessary project that must be addressed subsequent to budget approval. If the unbudgeted project is projected to cost more than \$2,000, it requires approval by the Executive Team.

c. Reallocation of funds and aggregate budget

Funds needed for either higher than budgeted expenditures on approved projects, or unbudgeted projects are expected to come from reallocations within the approved capital budget. If the annual aggregate capital expenditures are anticipated to exceed the amount budgeted by \$500 or more, the anticipated overage must be approved in advance by the Executive Team.

B. Special Funds

These funds are:

Flower Fund: Used to ensure there are flowers as part of the Sunday Church service.

Care Fund: This fund is used to assist members and friends of the Church in time of need, or individuals in the larger community who are in need and come to the attention of the Minister. The Minister has the authority to spend these funds for direct assistance to people, along with any funds budgeted for the Minister's discretionary fund.

Social Responsibility Fund: Funds are used to support the Church's ministry in the larger

community.

Music Fund: Supports and enhances the music ministry of the Church.

Religious Education Fund: Supports and enhances the religious education program for the children and youth of the Church. Proceeds from RE fundraising for specific activities (youth trips for example) are deposited in the fund.

Living Lighter Fund: This fund is used for the support of the activities of the Living Lighter Committee. At the present time, income for the fund comes from 50% of the proceeds of the spring rummage sale (the remainder of the rummage sale proceeds go to the church general fund).

The Chair of the applicable Committee or staff member, with the consent of the Committee, may use up to \$250 in special funds each year on unbudgeted items that further the work and mission of the church (i.e. Worship and Arts – Flower Fund; Social Responsibility – Social Responsibility Fund; Religious Education – Religious Education Fund; Music Committee or Worship and Arts - Music Fund; Living Lighter – Living Lighter Fund). This dollar limitation does not apply to the expenditure of funds raised for a specific purpose (youth trips, etc.).

Proposals to spend in excess of \$250 from these special funds for unbudgeted items should be directed to the Executive Team. The Executive Team will make the decision after soliciting the recommendation of the Finance Committee. The Executive Team will assess the extent to which the additional expenditure furthers the Mission of the Church.

C. Financial Management Practices

The following describes the current financial practices employed by the Church Administrator and the Finance Committee and Administration Committee with respect to Church funds.

1. Financial Institution

All Church bank accounts are currently (2012) at the Northfield Savings Bank.

2. Budget

Following the adoption of a Church budget at the Annual Meeting in May, and no later than June 15th, the Administrator enters the new budget in QuickBooks.

During the year, the Administrator periodically informs committee chairs and staff members of their remaining budget balances as needed. He/she monitors expenditures and informs appropriate chairs and staff of any line items that are at risk of exceeding the budgeted amount or are of concern for other reasons.

3. Financial commitments

At the beginning of the budget drive, the Administrator provides the chair of the Stewardship Committee with up-to-date name and address information as requested, as well as any needed address labels or other materials for the budget drive.

During the budget drive, the chair of the Stewardship Committee e-mails the names of the next year's pledgers and the amounts of their financial commitments to the Church Administrator. By the end of the budget drive, the complete list must be transmitted to the Administrator. Any "late" financial commitments that come in after the official end of the drive are also sent to the Administrator on an ongoing basis. The financial commitment list is considered final once a budget is adopted at the Annual Meeting in May.

A spreadsheet of names and amounts is created in alphabetical order by last name. For those couples who make a financial commitment together with differing last names, the last name that is first in alphabetical order is the "lead" name. Pledging couples who prefer to financial commitment separately are listed separately in alphabetical order.

By June 1st, a working spreadsheet is created by the Administrator and is also kept at an off-site location by the Stewardship Chair to ensure that there is a back-up spreadsheet and to allow cross-checking of financial commitment amounts.

Weekly, or periodic, financial commitments are recorded on the spreadsheet throughout the Church year.

The Administrator mails quarterly reminders to those who have made financial commitments in October, January, April and the end of May. Reminders are sent only to those who have not completed their financial commitment after the given quarter. Reminders are not sent to people who have fully paid their financial commitment, who pay their financial commitments electronically, who have withdrawn their financial commitment, or who have asked not to be sent notices.

By January 31st, statements of yearly contributions are sent to everyone who has made an identified contribution of \$100 or more to the Church for the previous year. This notice is made voluntarily by the Church as it is not required by law.

The Administrator maintains confidentiality with respect to financial commitment records. The Administrator does not provide financial commitment information to anyone other than the Chair or Co-chair of the Stewardship Committee. Only the Administrator, Chair or Co-chair of the Stewardship Committee has access to financial commitment files.

4. Payroll

Annually or as needed, the Administrator provides W-4 forms to employees for them to file their exemption information.

At the beginning of each new fiscal year, the Administrator calculates withholding amounts for each

employee. The salary and deductions for each pay period are entered in QuickBooks.

Payroll checks are produced and issued for each pay period (most are semi-monthly). For employees who choose electronic transfer of their paycheck into their bank account, the Administrator obtains an Electronic Transfer Form from the bank; the employee completes it and the Administrator files it with the bank. This form must be filed at least 10 days before such a choice can be implemented, and/or before any change in the procedure (for example by July 15th for fiscal year changes).

Each month, payroll liabilities (taxes, Social Security, and others) are calculated. A deposit is prepared for the Church's Federal tax obligations account at NSB. Non-tax liabilities are processed as necessary; for example, payroll deductions for health insurance, wage garnishments, or others as recorded in QuickBooks.

A Church volunteer takes responsibility for State and Federal tax reporting... The Administrator provides this volunteer with the quarterly reports needed to file Federal Form 941 (due by the end of the month following the reporting quarter) and the corresponding State form (due by the 22nd of the month following the reporting quarter) on behalf of the Church. At the end of each calendar year, the same volunteer prepares W-2 and W-3 forms based on the Administrator's reports.

6. Accounts Payable

Bills may arrive monthly, quarterly, or occasionally. All bills should be identified as to purpose and budget account number. If this information is not on the bill, a completed Expense Form should be attached to the bill. All bills are collected in one place.

Bills are paid weekly. All bills submitted for payment by the Unitarian Church of Montpelier will require a minimum of seven (7) days from day of arrival in the office to pay and process. Before issuing a check, the bill's source and accuracy are reviewed, the appropriate budget account number is determined, and the appropriate payment date is determined.

Once the check is written, the bottom copy is detached and saved as a receipt for the file. On the bill, invoice, or Expense Form, the assistant writes the date of payment, "paid in full," the check number, the amount of the check, and then initials it for auditing purposes. The receipt is filed in the lower right-hand drawer of the assistant's desk in a monthly folder. Personnel currently (2012) familiar with check-writing software are the Administrator, John Poeton, Deb Robinson, and Ted Allen. Checks may also be written manually if necessary.

For problem bills, the bill source is contacted for an explanation.

7. Check Signing Authority

Check signing authority is determined by the Executive Team. Designated signers must be on the signature card at the bank. Checks over \$2,000 require two signatures, except checks for recurring expenses. The Administrator is not an authorized signer.

8. Bank Reconciliations and Journal Entries

- a) The Treasurer does bank reconciliations and journal entries. The Treasurer will email reconciliations promptly to the Administrator. Detailed bank reconciliation will be printed and maintained at the Church office. The Treasurer will review and sign off on Journal entries done by the Administrator indicating his/her review.
- b) A member of the Finance Committee will review bank reconciliations and journal entries done by the Treasurer and will sign them indicating his/her review. Bank reconciliations will be available for the review by the Church auditor.
- c) The Treasurer and Administrator will maintain a process for saving detailed bank reconciliations after the subsequent reconciliation is completed.
- d) The Treasurer is able to make journal entries in the general ledger. Bank reconciliations and journal entries done by the Treasurer are made after the close of business on Friday and the file is subsequently backed up by the Administrator on the day he returns to work the following week. The Administrator typically backs-up the financial files before he leaves at the end of the day on Friday, but may also do so on a more frequent basis if indicated.

9. Net Assets

The Treasurer will maintain a file that identifies assets according to temporarily restricted, permanently restricted and unrestricted net assets.

10. Fixed Assets

The Property Committee will develop an inventory fixed assets, identifying their age and condition. Once prepared, this will be maintained in the general ledger and updated annually by the Administrator as necessary. Fixed assets are defined as an asset with an estimated replacement cost of \$5,000 or greater.

11. Recordkeeping

- a. Records on site:

Generally, Church records are to remain on site. However, if a volunteer staff member needs to remove a record from the Church, a card with a sign out will be inserted in the place where the file was removed.

- b. Record retention.

The Financial Committee and Administration Committee have responsibility for determining how long the various types of records should be kept within any Church record retention policy. Current policies are as follows:

1. Eighteen (18) months of records of deposits including copies of checks will be retained covering the Church fiscal year and tax year, so that records are available to prepare annual tax statement and record financial commitments for the Church fiscal year. Records no longer needed for these purposes are to be shredded. A notebook with deposit slips, worksheets for the weekly deposit, and copies of deposited checks is retained in the Administrator's office and a copy is kept off-site by a member of the Administration Committee.
2. Other financial records shall be retained based on the Church records retention policy and the following guidelines.
 - Financial data contained in the Church accounting system in QuickBooks has data available in any date range back to 1997. This data is backed up on an external cloud server, weekly on the in-office system, and by the Administrator via movable data storage device to his home based system.
 - Financial data – budgets, statements of expenses, and the Treasurer report – contained in the Church Annual Report are retained and archived indefinitely.
 - Other financial data will be retained for seven years, including: tax and payroll information, invoices and bills, check payment stubs, insurance certificates, contracts, etc.

12. Collection deposits

The Finance Committee is responsible for recruiting, assigning and overseeing Church members to count Sunday collections and funds received as a result of fund-raising activities (Holiday Fair, Auction etc.) A minimum of two unrelated counters are assigned for each Sunday or fundraising event. If any counters are not able to count on an assigned Sunday, they have responsibility for switching with another counter or finding a substitute from among available counters. As a rule, funds are placed in the Northfield Savings Bank night depository as soon as possible following the completion and recording of the count.

D. Cash Flow Reserve

A process has been established to make sure that the Church has sufficient money in its accounts at the end of the Church year to cover Church expenses during the summer, when financial commitment and other income are traditionally at the low point of the year. In the past, the Long Term Invested Fund has been drawn on to cover these expenses, but this fund is now being used for Capital rather than general operating expenses. It is current policy to use a combination of pre-paid financial commitments, income received in July and August, and \$20,000 in earmarked cash available in the Church accounts to cover summer expenses (primarily payroll).

E. Check Signing and Electronic Banking Access

The Administrator is not an authorized check signer. The Treasurer will not sign paper checks, but will remain a check signer so she/he can authorize electronic withdrawals for payroll checks and financial commitments.

The Church Treasurer has access the Church records via the bank's electronic banking system. The Executive Team is responsible for granting other Church Members these privileges.

F. Cash Reserves

The Church maintains a cash reserve to address unforeseen circumstance that may arise. The policy is to maintain at the start of the Church fiscal year (July 1) at least the equivalent of 10% of the annual General Fund budget as adopted by the Congregation at the Annual Meeting.

G. Budget Adjustments

Committee and program leaders are expected to manage within the budget approved by the Congregation at the Annual Meeting. Occasionally during the year unforeseen needs develop that may result in the potential over spending of budgeted funds.

If the amount of a Committee budget (i.e. Worship and Arts, Stewardship, Membership, etc.) or budget category (i.e. religious education, music, etc.) that is expected to exceed the budget is up to \$250, the Chair of the Finance Committee may approve the excess spending. The Chair may request consultation from the Finance Committee before a decision is made on the request.

If the amount is between \$251 and \$5,000, the request should be directed to the Executive Team. The Executive Team will make the decision after soliciting the recommendation of the Finance Committee. The Executive Team will assess the extent to which the additional expenditure furthers the Mission of the Church.

There are special provisions related to the Property Committee that are found under the "Capital Fund" in Section VI. A.

H. Contracts

The Church may make significant budgeted expenditures for services or products provided by outside vendors. In order to ensure that the Church is well served by these expenditures, it is expected that the vendor will operate within the provisions of a contract executed with the Church. The following are the general provisions related to contracts.

- A written contract is required when the amount to be expended is \$5,000 or more.
- The Church party supervising the vendor will have responsibility for developing the contract.
- The supervising party is expected to obtain at least two (and preferably three) proposals relating to the work to be done or item to be purchased unless there are no alternate vendors. In this

case, the Church party should submit a memo to the Executive Team explaining why this is a “sole source” purchase.

- All contracts signed must include a payment schedule which includes the following statement.

“Bills submitted for payment by the Unitarian Church of Montpelier will require a minimum of seven (7) days from day of arrival in the office to pay and process.”
- A copy of contracts must be on file with the Finance Committee and the church office.
- The supervising Church party will send the proposed contract with their recommendation to the Executive Team. The Executive Team will make the final decision on behalf of the Church.
- All contracts will be signed by the Chair of the Governing Board or other elected Church Officer.

I. Donations to the Church

1. Sunday Pouch and “Community Pouch”

Donations received as checks in the Sunday pouch are placed in the Church General Fund and are used to support the ongoing operations of the Church. Cash donations received in the Sunday pouch are divided between the Church and the organization(s) designated by the Social Responsibility Committee (SRC) to receive a portion of the cash donations each month. Church attendees wishing to support the Community Pouch via check are asked to write “Community Pouch” on the memo line on the check and place it in the Pouch. The full amount of such a check will go to the SRC designated group(s).

2. Donation Guidelines

Members or friends of the Church who wish to make a donation to the General Fund, Capital Fund, Endowment or one of the other special funds listed above should make a check payable to the Unitarian Church of Montpelier, with the fund designated on the memo line if it is intended that the donation be for a special fund.

The following are the guidelines in the disposition of these donations:

- a. Donations to one of the special funds listed above will be used to support the specific ministry associated with that fund.
- b. The Church can-not accept donations for the following purposes:
 - Donations directed to the salary of a staff person, a salary increase or an increase in hours of employment.
 - Donations made to the Church with the intent that the Church pass though the donation to another organization that is either not a charitable organization, or is

not associated with a program of the Church.

- c. If as part of the donation, a request is also made to set up a new special fund, this would be done only with approval of the Finance Committee and the Executive Team.

- c. It may also be difficult to accept some funds donated for a prescribed purpose. If the Finance Committee believes it will be unable to manage the donated funds within the financial management practices of the Church and also meet the wishes of the donor, the donation may regretfully have to be returned to the donor. If there are questions, they can be addressed to the Chair of the Finance Committee.

2. Bequests, Memorial Gifts, and Other Planned Gifts

It is UCM's policy to foster a deep and abiding sense of generosity among members and friends. A primary benefit is that they may include UCM in their estate plans and other financial documents designed to take effect upon their deaths, which will significantly contribute to UCM's long-term financial health and to fulfillment of its mission. The Board oversees the ongoing activities of the Stewardship Committee, which include the annual pledge drive, special gifts, planned giving, and capital campaigns. A Planned Giving Sub-Committee, within UCM's Stewardship Committee, oversees the planned giving program and encourages bequests and other planned gifts to UCM.

When the Unitarian Church of Montpelier receives a bequest, memorial gift or other planned gift, which specifies a particular use, the funds will be deposited in an existing account or a new account specified for that purpose. If a bequest or other planned gift is received that does not specify a particular use, all of the funds will be deposited in the Long Term Invested Fund account. If a memorial gift is received that does not specify a particular use, all of the funds will be deposited in the General Fund account unless specified otherwise by the Executive Team.

3. Donations to the Church and IRS charitable deductions

The following is some general information on what the Church can do regarding donations made to the Church. Donors are always encouraged to check with their tax accountant about their specific issues related to charitable donations. Volunteer time is not allowed as a charitable deduction. Mileage for travel related to volunteer time is deductible at a rate set by the IRS. Contributions of clothing and household items that are in good used condition or better are allowed at fair market value. The determination of fair market value is the responsibility of the donor. Therefore, the Church does not provide documentation to donors for the value of donated items. However, the Church will sign an inventory of donated items if it is supplied by the donor, to verify that the items were donated to the Church.

4. Year End Donations

IRS rules for charitable donations provide that charitable donations may be claimed for the year that they are delivered to the Church. Delivered means the date the Church receives the donation, not the date written on the check. However, if a donation is made by check and is sent by mail, the date that

can be used is the date of the postmark.

For example, if a donation by check is received by the Church in January of 2013 with a December 2012 date, it will count as a tax exempt donation for the tax year that begins in January 2013.

Consequently, it will not be included in the annual statement of contributions mailed to donors for the year that ends in December 2012. The exception is if the check was mailed with a postmark of December 2012.

Appendix A – Investment Guidelines

**Revised
11/19/2012 and 10/29/13**

ATTACHMENT A Trust Company of Vermont Account Agreement

INVESTMENT GUIDELINES AND POLICY STATEMENT FOR THE UNITARIAN CHURCH OF MONTPELIER, VT

SOCIALLY RESPONSIBLE INVESTING GUIDELINES

Members of the Unitarian Church of Montpelier through our system of governance agree on how we will spend and invest our financial resources. The Congregation, Church Committees and staff strive to make financial decisions and use Church resources in ways that are consistent with and will further the Church Mission:

We welcome all as we build a loving community to nurture each person's spiritual journey, serve human need, and protect the earth, our home.

The Church maintains an endowment fund referred to as the Long Term Invested Fund (LTIF). The LTIF is invested in a stock and bond portfolio managed by an investment manager.

Our investment manager must be aware of our obligation to manage the investments of the Unitarian Church of Montpelier (hereafter UCM) in a manner consistent with the Mission of the Church as stated above.

Our investment manager shall also be guided by the UUA Principles and Purposes, and specifically with a commitment to "affirm and promote the inherent worth and dignity of every person," and to further the UCM's intention to fully embrace and proactively step toward becoming an anti-oppression and anti-racism multicultural organization as set forth in the bylaws and by resolutions adopted by the General Assembly of the Unitarian Universalist Association. The investment manager must also act according to the requirements of fiduciary law and this policy

UCM undertakes the investment management process recognizing that its responsibility does not end with maximizing return and minimizing risk. Further, we recognize that economic growth can come at considerable cost to community and environment.

UCM believes that efforts to mitigate environmental degradation, address issues of social justice and promote community development will be successful to the extent they are successfully brought into consideration as part of our investment decision making.

UCM recognizes that addressing such concerns while pursuing financial objectives is an imperfect process. However, we believe that the development of healthier corporate cultures, and through them a healthier, sustainable economy, depends on the recognition of these concerns by management, directors, employees, and investors.

UCM believes that in light of the social, environmental and economic challenges of our time, fiduciary responsibility in the coming decades will dictate the integration of prudent financial management practices with principles of environmental stewardship and corporate citizenship.

Social responsibility and sustainability concerns affect UCM as they do every charitable, educational or religious institution as to the manner in which invested assets are dealt with. The practical alternative choices for the socially concerned investors are:

Establish a set of social and ethical criteria and select conventional securities which meet these criteria.

Facilitate shareholder activities directed towards corporate social responsibility.

Promote social goals in a more direct fashion by investing in securities of enterprises specifically committed to social change. This approach is being followed in a limited fashion by maintaining bank deposits and/or certificates of deposit in minority controlled banks or community development loan funds.

Our investment manager's decisions on behalf of UCM will be consistent with these Investment Guidelines, which at the present time preclude investments in entities that derive the preponderance of their income from defense-related activities, the production of weapons, or are engaged in the manufacture or sale of tobacco-related products. In addition, to the extent possible our investment manager shall not invest on behalf of UCM in firms that engage in practices dangerous to the environment or business practices that disregard the rights of their employees.

It is expected that our investment managers shall at all times monitor the existing holdings of UCM to ensure that the securities comply with the following criteria:

They are not engaged in the manufacture of tobacco based products.

With respect to defense-related activities, that they do not earn more than 5% of their revenue from the production and sale of weapons or they are not listed as one of the top 100 military contractors.

They are not firms which are identified by accredited socially responsible investment groups as behaving in a clearly blatant fashion with respect to the treatment of employees, or as being discriminatory in employment practices.

They are not firms which are identified by accredited socially responsible investment groups as behaving in a clearly blatant fashion with respect to the treatment of the

environment, including firms primarily involved in the mining, extraction, production or distribution of fossil based fuels.

There may be investments which should be held or sought from time to time by UCM in an effort to provide opportunities for dialogue between UCM as a stockholder and the management of corporations whose products, services and/or management policies are at variance with the mission statement and ethical and social concerns of UCM. We encourage our investment manager to take any action it deems appropriate in this connection. Should our investment manager or UCM believe action of this nature is called for, UCM may direct its investment manager accordingly.

Our investment manager, on behalf of UCM, will proactively exercise UCM's commitment to these practices using as a guide information provided by the Unitarian Universalist Association, the Interfaith Center on Corporate Responsibility, the Investor Research Responsibility Center, I W Financial, or other accredited socially responsible investment groups, in making investment decisions and in the voting of proxies: in favor of environmental reform and reporting on environmental performance in annual reports; on requiring more extensive and transparent reporting on equal employment opportunity and affirmative action policies; and in support of broader multicultural representation on boards of directors, with special focus on women and people of color. These resources shall be in addition to any other investment resources routinely used by our investment managers in their investment decision making process on behalf of UCM.

If the investment manager changes the entity used to evaluate the environmental, social and governance performance of companies, they shall notify the UCM and provide information on the new entity providing these services.