

First Parish in Concord

Finance Policies

Approved by the Standing Committee, October 16, 2016

1. The First Parish in Concord fiscal year shall be from July 1 to June 30.
2. The Standing Committee shall determine the annual goals and priorities for First Parish with input from the Congregation, the Senior Minister/Head-of-Staff, and the First Parish staff.
3. The budget shall be prepared by the Senior Minister/Head-of-Staff. The budget should reflect the priorities of the Congregation, staff, and Standing Committee. The projections for income and expenses should reflect a prudent approach to our financial conditions. The budget proposal should be communicated in an easily understandable and transparent manner, and where appropriate show a comparison of historical budget and actual financials, assumptions regarding revenue and expense projections, and any long-term financial commitments of First Parish.
4. The Standing Committee shall review and recommend the budget to the Congregation for approval at the Annual Meeting preceding the beginning of each fiscal year. The Congregation is responsible for approving the annual budget.
5. First Parish shall operate its financial activities in a manner consistent with the approved budget, goals and priorities. The budget will serve as a baseline for measurement of financial activities throughout the year.
6. The Standing Committee and Finance Committee shall receive monthly reports on all income and expenses including comparisons to the annual budget. The Standing Committee shall review and approve expenditures for a budget line item when the actual spending exceeds the budget line item by \$2,000 or more. When the cumulative expenditure changes exceed 5% of the budgeted expenditures in the Annual Budget, all subsequent line item expenditure increases in excess of \$500 of the budgeted amount shall be reviewed and approved by the Standing Committee.
7. Pledges may not be earmarked for a particular program, service or action unless approved by the Standing Committee and Head-of-Staff.
8. Gifts, bequests or transfers of assets in support of specific purposes, projects or programs may be accepted if approved by the Standing Committee in consultation with the Head of Staff. First Parish may accept undesignated gifts, bequests, or transfers of assets of \$10,000 or less. Undesignated gifts greater than \$10,000 shall be accepted and managed by the Trustees of Parish Donations.

9. The accounting practices shall be on a modified cash basis and utilize procedures and control processes consistent with a religious organization. Internal controls and segregation of duties shall meet good accounting practices and standards.
10. The Head of Staff shall designate check signing authority with approval of the Standing Committee. The Treasurer must approve and sign any check, other than payroll or approved purchases and expenditures in the annual budget, of \$5,000 or greater.
11. First Parish shall maintain short-term cash reserves equal to at least 10% of the total annual budgeted expenses. This cash reserve may not include encumbered or assigned financial commitments to groups or programs of First Parish. Cash shall be reasonably invested to earn interest while assuring adequate protection of the funds and needed liquidity. Use of short-term cash reserves must be approved by the Standing Committee and may be used only under specific circumstances:
 - a. Cash flow shortages arising when expenses fall due before the income to pay them is received;
 - b. Cash flow shortages caused by unexpected emergencies, such as the withdrawal of a key funder, loss of a key asset, or economic downturn;
 - c. A well-defined need for investment to start a new program or take advantage of an unexpected opportunity that will significantly contribute to the First Parish mission.Any use of the reserve funds for these or other purposes shall have plan of action prepared by the Head of Staff and presented to the Standing Committee for how these funds will be recouped and retained to meet the reserve fund 10% requirement.
12. First Parish may maintain a line of credit and/or debt with the Trustees of Parish Donations and/or a financial institution approved by the Standing Committee.
13. First Parish shall provide 7.5% of the annual pledge receipts in a fiscal year for Social Action grants, activities and support, as approved at the June 9, 1996 annual meeting. These expenditures shall be proposed by the Social Action Community Board and approved by the Head of Staff/Senior Minister.
14. First Parish shall maintain and contribute to a long-term building and major equipment maintenance fund.
15. First Parish shall maintain adequate insurance for casualty loss, theft, and liability as determined by the Head of Staff/Senior Minister in consultation with the Standing Committee. Further, First Parish shall provide necessary employee benefits and insurance as designated by the human resource policies of First Parish. These human resource policies shall be developed by the Head-of-Staff and approved by the Standing Committee.
16. The Treasurer shall review all new and modified employment agreements to ensure that such agreements are in keeping with First Parish policies, and that short and long term costs of the agreements are understood. In addition, the Standing Committee shall approve all

- new and modified employment agreements when the salary and benefits for the position exceed \$60,000.
17. Real property shall not be acquired, encumbered, or disposed of on behalf of First Parish without the approval of the Standing Committee. The Congregation shall approve decisions if the amount is \$10,000 or greater except as limited by the First Parish By-Laws.
 18. The Director of Operations shall maintain written procedures consistent with these financial policies. These should include:
 - a. Cash management and accounts receivable
 - b. Payroll and accounts payable
 - c. Debt and line of credit management
 - d. Purchasing procedures
 - e. Capital expenditures
 - f. Asset and other necessary liability protection
 - g. Conflict of interest protection for the staff
 - h. Protection of confidential information, intellectual property, and other intangible assets
 - i. Financial reporting
 19. These financial policies shall be reviewed at least every five years by the Standing Committee.
 20. These policies and financial practices of First Parish must comply with all appropriate and relevant local, state and federal laws, and the By-Laws of First Parish in Concord.
 21. The Standing Committee shall engage an appropriate independent expert to conduct a review of the financial procedures and practices of First Parish every five years.