

S. T. NAGBE UMC DISTANT MEMBER FELLOWSHIP



Financial Policy

February 20, 2023

Vision: “Growing together in Christ”

Stephen Trowen Nagbe United Methodist Church-Distant Members Fellowship Financial Policy is a guide/instrument that explains the roles, directs, and delegates authorities to persons in charge of finances to have oversight responsibilities of the financial activities and to make astute financial decisions on behalf of the organization in accordance with its Constitution and By-laws.

Principles of Responsibility, Accountability, & Transparency

The Financial Committee has the sole responsibility/obligation of working with various groups within the Fellowship to prepare a yearly realistic and itemized operational budget for approval by the Board of Directors that reflects the organization's goals and policies.

The Financial Committee is responsible and accountable for the daily financial operations of the organization. The Financial Committee is to oversee the organization's finances with transparency in a manner that is accurate, visible, and communicable to the general body in accordance with standard accounting practices.

2. **The Objectives:**

The Financial Committee shall provide financial analysis, advice, and oversight of the organization's financial operations. Its sole responsibility is to ensure that the organization is operating with the financial resources it needs to provide supports and services to its members and partners. The Financial Committee shall implement the financial policy, maintain accurate financial records, have financial oversight role of all financial activities, and make accurate decisions in the interest of the organization. The committee shall concern itself with matters relating to revenues, expenses, debts, taxation, and other matters.

- a. The Financial Committee shall ensure that the Board of Directors is informed about the organization's finances and it shall coordinate with the Board of Directors and Executive Committee to ensure that requirements related to the organization's finances are following federal, state, and local laws.
- b. The Financial Committee shall guarantee that the organization maintains adequate insurance coverage.
- c. The Finance Committee shall make certain that the Fellowship is compliant with all IRS Forms as required by the IRS. It shall ensure that the Fellowship abides by all regulations as required by the government, ensuring that all legal forms are filed completely, correctly, and on time.

- d. The Finance Committee shall verify that accurate, timely, and meaningful financial statements are prepared and presented on time to the Board of Directors. The Finance Committee shall not prepare an annual tax report; rather, the Committee shall contract the services of a certified tax preparer to prepare its annual tax report.
- e. The Finance Committee shall safeguard the organization's assets.

3. **Members of the Financial Committee:**

- The Financial Secretary is elected at the general election by the General Body
- The Treasurer is elected at the general election by the General Body
- The Financial Chairman and Vice-Chairman are appointed by the President
- Other members of the Financial Committee consist of 4 or more volunteer members.

Financial Secretary:

1. Shall be responsible for maintaining a proper account of the Fellowship's financial records and keeping track of all financial transactions.
2. Shall collect all revenues of the Fellowship; revenues so collected shall be turned over to the Treasurer within two

business days for deposit into the Fellowship's account:-
(TBD-pending a constitutional amendment- the preceding function of the financial secretary shall be replaced with: "Shall oversee the flow of money in and out of the organization. Deposit checks, money orders, or cash into the organization bank accounts." Explanation: Once the Financial Secretary collects the money, checks, and money orders, she/he shall deposit the money directly in the bank accounts and record it, thereby eliminating turning the money over to the treasurer, to avoid delays in depositing the money in the accounts. At that time, members using Zelle or CashApp will wire their money directly into the organization accounts by use of the organization's cell phone and discontinue wiring money into members' personal Zelle or CashApp accounts. The time frame of two days is insufficient. For example, check deposits or money orders shall be received, endorsed, deposited, and cleared. An exact time frame is uncertain.

3. Shall prepare all vouchers and check requests for approved financial transactions and obtain the authorized signatures of the designated signatories;
4. Shall be responsible for fund reconciliation and shall submit an annual financial report to the Assembly and quarterly financial reports to the Board of Directors and to the Executive Committee. Additional reports shall be prepared and submitted as may be requested by the Executive Committee for a business meeting.

5. Shall ensure the establishment of proper financial records within each region/chapter of the Fellowship and maintain appropriate fiscal discipline within the Fellowship and its regions and chapters.
6. Shall serve as a member of the Finance Committee and the Ways and Means Committee.
7. Shall be a signatory to the Fellowship's bank account(s).

Treasurer:

1. Shall be the custodian of the Fellowship's funds.
2. Shall make deposits of funds collected in support of the budget and disburse funds for authorized expenditures. (TBD-pending reversal for constitutional amendment-One of the duties of the financial secretary and not the treasurer, shall deposit money into the organization's account).
3. Shall submit an annual Treasurer's Report to the Fellowship and quarterly reports to the Board of Directors and brief the Executive Committee on the financial status of the Fellowship.
4. Shall serve as a member of the Finance Committee and the Ways and Means Committee

Financial Chairman:

1. The sole responsibility is to ensure the organization is operating with the financial resources it needs to provide support and services to its members and partners.
2. Shall serve as chairman of the financial committee.

4. **Bank Account**

1. A Bank Account shall be established with a reputable financial institution.
2. Signatories -Two categories of signatories to the account shall be A & B.

The A

Category shall comprise of the President and the Financial Secretary and

The B

Category shall comprise of the Vice President for Administration and the Chairman of the Finance Committee (TBD-pending reversal for constitutional amendment).

Withdrawal-All withdrawals from the Fellowship's account shall be done by the President and Financial Secretary or done by the Vice President for Administration and the Chairman of the Finance Committee. (TED-pending reversal for constitutional amendment).

3. Deposits: All funds received **MUST** be deposited in the bank account(s)

The organization must have bank debit card(s) and checks for payments; if it pleases, to have credit card(s).

Additionally, to adequately facilitate the receiving of funds into the organization bank accounts; a CashApp or Zelle electronic transferring of cash, checks or money orders can be deposited into the organization bank accounts. No Member or Individual personal cell phone number or email address should be linked to any electronic means of wiring or disbursing funds in or out of the organization bank accounts.

Payment via checks or money order can be made payable to: STNUMCDMF, and mail to the address as instructed.

4. **Bank and Credit Cards**

- a. Bank card which shall be used only under extraordinary circumstances. We encourage all disbursements to be made by check.
- b. Include online payment options. All disbursements should follow the approved policies for disbursement.

5. Operating Expenses (Section 6)

- a. Include Compliance with IRS Rule for payment for services to Independent contractors. The Fellowship will be required to issue 1099 to the vendor for payment of \$600 or more,

according to IRS guidelines. Do we want to include it or just keep it on our radar for payments to vendors?

5. **Sources of Income:**

1. Membership dues/fees
2. Donations/Gifts/Contributions
3. Fundraisings
4. Grants
5. Projects
6. Others

Cash, checks, or money orders received from the above items (1 to 6) should be accompanied by valid cash receipts comprising STNUMCDMF insignia or logo including payees' names, amount paid, date, and purpose of payments be given to the donors and/or payers.

Payers and/or donors are liable to cover fees for returned checks and all related bank fees/charges. Cash collections and signing of cash receipts should be carried out by a member of the financial committee or an appropriate designee.

6. Operating Expenses:

1. All disbursements should be paid on time to vendors/creditors, partners, or other parties.
2. A minimum of two weeks' time frame must be met to request funds pertaining to purchases, gatherings, fundraisers, projects, and all expenses that have been approved and to be spent on a particular purpose. The chairman or vice-chairman of a region, or head of a project/fundraiser must submit his/her requests via emails to the Financial Secretary and copies to the President and Chairman of the Board of Directors.

An exception comes about only in a case of an emergency, when the Executive Committee along with the Board of Directors' approval, deem it necessary to forego the two weeks' time frame and respond immediately.

3. All purchases or payments in the form of cash, check, or electronic payments to vendors or creditors in an exchange of goods or services rendered must be accompanied by valid purchase receipts comprising; the date, the amount paid, the balance, the purpose of payments, the name of the vendors' or creditors', insignia or logo and address.

Financial Year/Financial Reporting

- a. The fiscal year of the Fellowship shall be January 1st through December 31st of each year.

- b. The income statement should include budget vs. actual and corresponding variances.
- c. Prior to the end of the fiscal year, the Finance Committee shall review the current budget and projected end of the year financials. The Finance Committee shall work together with the regional heads to develop a new budget for each program based on anticipated program needs and projected income for the upcoming year. Once the budget draft is complete, it is presented to the Executive Committee for review, editing and approval. Approved budgets are then presented to the Board of Directors for final approval. Once the budget is approved, spending guidelines for each program, based on the budget, are forwarded to each regional head.

Quarterly/Annual Financial Reports and Frequency

The Financial Committee shall prepare, complete, and file all required financial reports/forms in a timely manner.

The Financial Committee shall utilize standard itemization of reporting income and expenditures are used to prepare both quarterly and annually financial reports.

Annual Financial Statements must be prepared for the period beginning January 1st and ending on December 31st of each calendar/fiscal year.

Quarterly Financial Statements must be prepared after every three months for the period beginning January 1st to March 31st and subsequently. Financial Reports will be submitted to the executive body and board of directors after a quarterly or yearly period of the 15th date of the next month.

The report shall include, but not be limited to:

- an income statement/revenue and expense
- balance sheet/financial position,
- accounts receivable schedules
- accounts payable schedules
- cash book balances; checking/savings, Zella or CashApp (if applicable)

Source Documents:

Financial Reports will be accompanied by source documents, copies of bank statements, cash receipts, schedule of cash donations/donations/grants/contributions, purchases receipts, and all other financial transactions.

All Regions, Program Committees, Fundraiser Committees, Reunion Committees, and other bodies will coordinate with the Financial Committee to account for ALL income and expenses generated from reunions/fundraisers/projects and others within 30 days after the occurrence of any event.

Regions are required to submit their annual fundraisers' proposed budgets annually to the executive body for review and approval.

Regions have the option to raise their own money or request money from the organization to finance their fundraisers.

The fundraising proceeds of the net gains/losses will be allotted as follows:

1. Fellowship: Ninety Percent (90%) of all monies raised will be deposited into the organization's bank account.
2. Region: Ten Percent (10%) will be deposited into the organization's bank account and shall be disbursed according to approval.

The Board of Directors shall approve all financial reports before the reports are published to the public. The purpose is to communicate accuracy and transparency to the general body in accordance with standard accounting practices.

8. Memorandum of Understanding (MOU)

As it relates to collaborating with other organizations; both domestically and internationally, a Memorandum of Understanding (MOU) shall be prepared to clearly identify the roles and responsibilities of each party; either partially or fully funded by STNUMCDMF. All parties shall be held liable regarding the purpose for which the funds are intended and itemized reporting of how the funds are consumed in accordance with standard accounting practices.

9. Monetary Donations, Grants, or Gifts:

No monetary donations, grants, or gifts shall be received and disbursed by the organization or any official without the proper procedures.

No member shall violate the organization's IRS Section of Public Charity Status 509 (a) (2). Such monetary donations that violate the IRS guidelines will not be deposited into the organization's accounts and will not be disbursed in the interest of the organization.