

Treasurer's Report
Year End Statements of Fund Balances and Financial Position For the
Twelve-Month Period Ended May 31, 2021

Background and Overview

The Financial Policies for the First Unitarian Universalist Society in Newton (FUUSN) call for the preparation of certain mid-year and year-end financial statements consolidated for FUUSN. These include the Statement of Fund Balances and the Statement of Financial Position (the latter also referred to as the Balance Sheet). Both were prepared as of May 31, 2021 and are attached. The reports reflect the twelve months of operations in Fiscal Year 2021 as well as the May 31, 2021 report of the Board of Investment (BOI).

The May 31, 2021 balances of the FUUSN checking and savings accounts, the temporarily restricted account and the Board of Investment account, which are all included on the Statement of Fund Balances, are shown below. Funds and activity from the Minister's Discretionary Fund, the Extended Programs Account (Ferry Beach and Sandy Island) and the Community Breakfast Fund are not included on FUUSN's consolidated financial statements, but their May 31, 2021 balances are also shown below.

Account Balances as of May 31, 2021
(or as of the bank statement closest to May 31st)

FUUSN Checking Account (unrestricted)	\$123,767
FUUSN Checking Account (prepaid pledges)	\$84,275
FUUSN Checking (other temporarily restricted)	\$45,485
FUUSN Savings Account	\$11,957
BOI Unrestricted Investments	\$2,067,407
BOI Restricted Investments	\$640,289
Extended Programs Account	\$4,629
Community Breakfast Account	\$1,105
Minister's Discretionary Fund	\$17,980

Discussion

We had unrestricted operating fund bank cash (checking and savings) of \$135,724 on May 31, 2021. Also, an additional \$50,000 of operating funds are held by the Board of Investment, bringing our total unrestricted cash balance to \$185,724. This is the so-called "Operating Surplus", the net accumulation of operating budget revenues in excess of expenses over the past several years. In Fiscal Year 2021 the "Operating Surplus" increased by \$135,724.

FUUSN Financial Policies call for an operating fund cash balance sufficient to cover up to (i.e., not to exceed) the next three months of forecasted operating expenses. Any operating funds beyond this amount are to be invested with the BOI to optimize returns. As a general rule, we try to maintain a cash balance sufficient to support FUUSN's cash expenses of approximately \$76,000 per month for at least one to two months. The May 31, 2021 balance of \$135,724 is very close to our general rule of one to two months, with our additional \$50,00 of operating funds invested with the Board of Investment we exceed the standard.

Procedures Performed

The Statement of Fund Balances and the Statement of Financial Position were prepared from our QuickBooks accounting system and reviewed by our outside bookkeeper, Jay Ganapathy per FUUSN Financial Policies. I have reconciled the amounts shown on the Statement of Fund Balances and the Statement of Financial Position (Balance Sheet) to our bank and accounting statements for the main FUUSN operating account administered by the Administrative Assistant and to the end of year Board of Investment report.

I have reconciled the change in the May 31, 2021 total operating surplus from the prior fiscal year end to the Monthly Operations Report Net Income as of May 31, 2021. A copy of this reconciliation ("Calculation of Unrestricted Operating Cash and Reconciliation to Monthly Operations Report") is attached. This is an important reconciliation because it compares the change in our operating surplus based on the bank statements with the change according to our accounting system. They should be equivalent and they are.

I (or one of FUUSN's Assistant Treasurers) review the income and expenditures of the Minister's Discretionary Fund, the Extended Programs Account and the Community Breakfast Fund on a monthly basis.

Other Considerations and Limitations:

Our total bank account balances are classified as either unrestricted or temporarily restricted, as shown on the Statement of Fund Balances. Funds are temporarily restricted when given by a donor for a specific purpose and the funds may not be spent for any other purpose. While expenditures from these temporarily restricted accounts are not recorded in our Monthly Operations Report, I review these expenditures periodically and at least semi-annually.

The amounts shown for building and capital improvements on the Statement of Financial Position are prior to any depreciation and thus are not stated in accordance with generally accepted accounting principals ("GAAP"). These amounts also do not include any additions for building or capital improvements; these are fully expensed in our Monthly Operations Report.

While the Statement of Financial Position is useful in portraying FUUSN's cash and investment balances, it is not audited and is not stated according to GAAP for a number of reasons, the most important being that we account for activities primarily on a cash basis and do not expense depreciation in our Monthly Operations Report with corresponding adjustments to net income.

FUUSN Cash Handling Procedures

The FUUSN Financial Policies also call for the Treasurer to report to the Board on our cash handling practices. Our cash handling and accounting activities are kept separate. Our Administrator gives the Treasurer or one of the Assistant Treasurers the cash from Sunday collections, pledges, building rentals and other activities, and the Administrator retains a record of the amount. The funds are then deposited in FUUSN's account and a deposit record is given to the Administrator for comparison with the original record of the amount. The Administrator then records the amounts in QuickBooks by account.

Where a deposit contains cash and/or checks for multiple FUUSN accounts, the Treasurer provides the Administrator with a written deposit report totaling the amounts by category (i.e., pledges, building use fees, etc.) along with payer information and amounts where applicable. The Treasurer and Administrator reconcile the bank statement to the QuickBooks amount each month and spot check QuickBooks recorded deposits against the Treasurer's written deposit reports. Checks are only signed by the Treasurer or an Assistant Treasurer. Our financial policies call for two signers on checks larger than \$5,000, except for routine regular payments such as for payroll or UUA dues, or contracts for major building work that has been approved by the Board of Trustees.

I am happy to address any questions you may have.

Karen R. Bottar, Treasurer

Attachments:

- (1) Statement of Financial Position as of May 31, 2021
- (2) Statement of Fund Balances as of May 31, 2021
- (3) Calculation of Unrestricted Operating Cash and Reconciliation to Monthly Operations Report as of May 31, 2021