

# Emerson UU Chapel – Financial Policy

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## **Financial-policy Objectives:**

- Provide financial transparency to members, friends, and staff of Emerson Chapel.
- Enable procedures and resulting actions to manage financial risk and promote financial stability within Emerson Chapel.
- Enable procedures and resulting actions to promote sound decision-making in support of Emerson Chapel's mission, vision, goals, and priorities.

## **Scope:**

- Annual
  - Budgeting
  - Pledge-drive Forecasting
  - Fundraising Goal
- Monthly
  - Monitoring: Budget to Actuals
  - Financially Related Communications to the Congregation

# Part 1: General Operating Fund

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## **Section 1 - Annual Budgeting**

The annual expense budget, developed by the board in collaboration with the treasurer, shall be capped at 95 percent of the annual-income forecast as reported in the annual pledge-drive report provided by the stewardship team.

## **Section 2 - Annual Pledge-drive Forecasting**

The finance team and treasurer shall prepare an updated five-year historical-trends report for the board and stewardship team, which shall serve as input to annual pledge-drive goal-setting discussions. The trends data will include the following data points.

### Pledge Income

- # of members and friends
- % of members and friends who pledge
- % who have self-disclosed as fair-share pledgers

### Fundraising

- Listing of annual fundraising events and net income for each

### Other Sources

- Listing of 'generic'<sup>1</sup> sources and giving level for each

## **Section 3 - Annual Fundraising Goal**

The board will establish an annual fundraising goal separate from the annual budget and integrated with EUUC mission and vision.

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<sup>1</sup> Source type vs. individual name(s)

## **Section 4 – Monthly Monitoring: Budget to Actuals**

### Income

The treasurer will provide monthly budget-to-actual reporting to the finance team, highlighting the percentage of variance between YTD pledge-income budget and actuals.

Depending on the percentage of variance and historical trends as identified by the treasurer, chapel administrator, and stewardship team, actions will be triggered, as follows:

Income<sup>2</sup> is **three percent** below budget

The finance team will notify Emerson board and stewardship team. Stewardship team will provide report to the board, outlining the results of their ongoing contacts with pledgers who have made no financial contribution or are behind in meeting their pledge.

Income is **four percent** below budget

The congregation and staff are informed that we are approaching the expense-reduction trigger. The policy is communicated so that people are aware of what will happen if the trigger is reached.

Income is **five percent** below budget

The congregation and staff are informed that the following actions will be taken per policy. Emerson board takes action to sequentially execute each step until the variance is below the five-percent level.

Action 1: Furlough pianist and nursery-care worker – Furlough continues until variance is below the five-percent level. Estimated savings of \$1,200 per month.

Action 2: Furlough administrative, RE, and ministerial staff as required to bring the variance below the five-percent level.

### Expense

The treasurer will provide monthly budget-to-actual reporting to the finance team, highlighting the net difference between YTD expense budget and actuals.

The finance team will notify Emerson board when this variance indicates that spending is over the budget. Emerson board will contact the appropriate team leader(s), requesting spending cuts to bring their team's spending back in line with the budget.

If the excess spending results in a five-percent variance, the same actions identified in Income section will apply.

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<sup>2</sup> Income in this context is the sum of YTD pledge revenue plus YTD net income from fundraising that is categorized as undesignated.

## **Section 5 – Financially Related Communications to the Congregation**

The finance team will provide information to the Emerson board, enabling the execution of the following congregational-communications plan.

<b><i>Frequency</i></b>	<b><i>Financially Related Message(s)</i></b>	<b><i>Target Audience</i></b>	<b><i>Communication Vehicle</i></b>
<i>Annual</i>	<i>Annual Budget View Pledge Forecast Fundraising Goal</i>	<i>Congregation</i>	<i>Paper handouts to participants at annual congregational meeting</i>
<i>Monthly</i>	<i>YTD Budget View – Income Statement</i>	<i>Congregation</i>	<i>Constant Contact (e-mail)</i>
<i>Triggered at four-percent variance</i>	<i>Approaching the expense-reduction trigger – policy review</i>	<i>Congregation Staff</i>	<i>Constant Contact (e-mail) Pulpit Announcement</i>
<i>Triggered at five-percent variance</i>	<i>Actions will be taken per policy.</i>	<i>Congregation Staff Team leader(s)</i>	<i>Constant Contact (e-mail) Pulpit Announcement</i>

## Part 2: Reserve Fund

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## Part 3: Endowment Fund

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<b>Version</b>	<b>Date</b>	<b>Author</b>	<b>Description</b>
1.0	7/19/2014	EUUC BOT	Approved Part 1