FP-1 CONGREGATION FINANCIAL POLICIES

1.1 Purpose of Financial Policies

Policies on First Unitarian Congregation of Ottawa (the Congregation) financial matters provide guidance and direction to the Board of Directors, the Finance Committee, the Treasurer, the Finance and HR Manager and the Congregation.

1.2 Financial Policies Process

- New financial policies may be developed as required to meet changing financial circumstances facing the Congregation.
- The Finance Committee will review and recommend amendments to existing policies or develop new ones either at the request of the Board or on its own initiative.
- The Governance Committee reviews all Congregational policies and bylaws to ensure they are internally consistent, and updated/approved as needed.
- The Board of Directors has final approval of financial policies upon review and recommendation by the Finance Committee, Lead Minister and Governance Committee.
- It is the responsibility of the Finance and HR Manager to update and maintain the current financial policies and to make them available to the Congregation for the information of its members.

1.3 Overview of Congregational Financial Structure

1.3.1 Section 1 - Assets and Liabilities

Section to be drafted

1.3.2 Section 2 - Equity Funds

The Congregation uses fund accounting. There are 5 Congregational Funds that make up the equity funds:

a. **General Fund**: The general fund consists of the Congregation's program delivery and administrative activities. This fund consists of the Operations, Special Purpose Accounts and Retained Earnings/Deficits from previous years.
   i. **Operations** is the Congregation's revenue and expenses during a fiscal year. The net balance of operations at the end of the fiscal year is found in the General Fund. All revenue and expense accounts are reset to zero at the beginning of a new fiscal period.
   ii. **Special Purpose Accounts** are equity accounts set up for a special purpose; the revenues and expenses of these accounts are recognized when received. These equity accounts are set up to allow a special purpose account to carry balances into the new fiscal period. A Special Purpose Account may be set up at the discretion of the Finance and HR Manager, to meet a need (Special Purpose) in the Congregation – a Special Purpose account no longer used is marked DNU (Do not use) until it is appropriate to terminate.

b. **Legacy Funds:** The purpose of the Legacy funds is to build long term capital to help achieve the Congregation's mission and goals and ensure the long-term financial stability of the Congregation. The two Legacy Funds are:
   i. **Legacy Endowment Fund:** All funds received by the Congregation, specifically designated for the Legacy Endowment Fund by the donor, shall be placed into that Fund.
   ii. **Unrestricted Legacy Fund:** Funds received by the Congregation which have been specifically designated for the Unrestricted Legacy Fund, or which are in the form of bequests, or donations of more than $10,000, for which a purpose has not been specified by the donor, shall be placed

into the Unrestricted Legacy Fund. The Financial Policy FP-15 *Legacy Fund* contains more information.

c. **Maintenance Reserve Fund:** The Maintenance Reserve Fund represents net assets internally restricted for maintenance projects which are significant in terms of cost and which have a life expectancy of more than 10 years. The Financial Policy FP-7 *Maintenance Reserve Fund* contains more information.

d. **Campus Projects Fund:** The Campus Projects Fund represents net assets internally restricted for future maintenance projects not considered to be routine property maintenance and do not meet the criteria for the Maintenance Reserve Fund. The Financial Policy FP-6 *Campus Projects Fund* contains more information.

e. **Capital Fund:** The Capital Fund represents the amortized value of physical capital assets, net of the unamortized value of the lease payment for water main and sewers.

Last reviewed by:

Finance Committee

Minister

Governance Committee

Dated: 18-March-2020

DATE OF INITIAL APPROVAL: September 2023

REVISION HISTORY

Revision Date	Version	Comment