



MVS TREASURER'S MANUAL

Newton Office
718 N Main St
Newton, KS 67114

Elkhart Office
PO Box 370
Elkhart, IN 46515

Phone: 1-866-866-2872
Fax: 316-283-0454

MVS Web Site: <https://www.mennonitemission.net/Serve/Mennonite%20Voluntary%20Service>

July 2016

Table of Contents

Introduction	3
Financial Processes	4
General Bookkeeping Procedures	5
MVSO Money Transfers	6
Petty Cash	7
MVS Medical	9
Loans to Unit Members	10
Advances.....	11
Completing the Monthly Financial Report	11 12
Step by Step Instructions for Online Financial Statement	13
Additional Uses for Finance Site	14 15
Allowance Schedule:	16

Introduction

Mennonite Voluntary Service (MVS) is a program of Mennonite Mission Network. The following general guidelines outline standard financial procedures and responsibilities.

Selection of the treasurer - Each unit will, in consultation with the local leadership, select an individual to serve as treasurer. Careful consideration should be given to the abilities of the individual chosen for this responsibility. Normally, an MVSer fills this role. In some cases, someone from the local leadership may be assigned to work closely with the unit treasurer or to act in that role themselves.

Responsibility of the treasurer - It is the treasurer's responsibility to receive unit funds, oversee their safekeeping, make expenditures in keeping with MVS policy, and maintain accurate records reflecting these activities. The treasurer will prepare a monthly financial report itemizing expenditures and receipts for the Mennonite Voluntary Service office (MVSO), and will report to the local unit and local leadership on a regular basis. It is suggested by the MVSO that the unit take into consideration the duties of the treasurer when assigning other unit responsibilities.

Responsibility of congregation and local leadership - MVS units are generally dependent upon locally generated stipend funding for their direct operating expenses. It is the expectation of the MVS program that unit expenditures will not exceed receipts on an ongoing basis.

Local leadership and sponsoring congregations are responsible for planning for the long-term financial viability of the MVS units in their communities. This responsibility includes general oversight of expenditures as well as arranging for adequate income.

Local leadership members should receive monthly financial reports from the unit treasurer. They should examine the unit's books and other records at least twice annually to ensure that required practices are being followed. Closer supervision should be exercised following the appointment of a new treasurer or any accounting difficulties.

The MVSO strongly recommends that the local leadership or someone from the MVS support committee be knowledgeable regarding the financial policies and the procedure for completing the monthly financial report, so that this person can be responsible to train the new treasurer as they enter the unit.

The MVSO requires a local bank account be established in the name of "Mennonite Mission Network operating as 'name of location' Mennonite Voluntary Service Unit." In addition, the account should be set up as a 'corporation-not for profit' account. We give discretion to the local leadership to choose an established banking institution that best suits their unit. Please

take special consideration of monthly or annual banking fees, online banking options, and access to debit cards. Additionally, the MVSO requires, at a minimum, that the unit treasurer, a member of local leadership, and a member of the Mennonite Mission Network finance department be signatories on the local bank account (please be in discussion with the MVSO as to who at Mission Network is designated with this responsibility when dealing with your bank). The account should be established as “any one of three to sign.” Some units choose to have more than these three persons as authorized signors on the account. Though the MVSO places no restriction on the number of authorized signatures on the account, we suggest caution in having too many people having access to the local bank account for reasons of security and simple record-keeping logistics. Additionally, please remember you will need to change signing authorities every time any of these listed persons ceases to be a part of local leadership or the MVS unit.

Responsibility of the MVS staff - Members of the MVS staff receive, correct and approve monthly financial reports from units. The MVSO also administers all central unit accounts (see “Financial System” below for details).

MVS directors and staff regularly discuss financial and accounting concerns with treasurers (as well as unit and local leadership) during their unit visits. They may also periodically examine unit books and records.

Tax identification number - All MVS units are considered official affiliates of Mennonite Mission Network by the Internal Revenue Service. The following tax identification number may be supplied to U.S. financial institutions and other agencies when opening new accounts: U.S. Taxpayer identification # 35-0893507.

Financial Processes

Working cash fund - All MVS units have a local working cash fund for day-to-day operations in their unit account. The amount of money in a working cash fund will vary from unit to unit, but will remain constant from month to month. Generally, it should be equal to expenditures necessary for approximately one month of operation.

Monthly reporting - Each month, the unit treasurer will submit a report detailing all of the unit’s expenditures and receipts via the MVSO online financial reporting mechanism.

Maintaining the working cash fund - If the unit’s receipts have exceeded its expenditures for the month, the MVSO will electronically deduct the surplus amount from the local MVS bank account after confirmation with the treasurer. When expenditures exceed receipts, the MVSO will electronically credit the local bank account an amount equal to that month’s deficit. In this

way, the local working cash fund should remain constant from month to month. The treasurer will then report this surplus or deficit transaction in the month in which it occurred.

Central Accounts - The MVS0 maintains central accounts on its books for each MVS unit. Each month, the unit's surplus or deficit is posted to this account when the financial report is received. Account balances are cumulative and are carried forward from year to year. All the unit central accounts are maintained in a single cumulative fund, thus allowing a unit to continue operating with a negative balance, if the situation were to arise.

Mutual aid - This system allows units experiencing financial difficulties to continue operating without undue crisis. It eliminates the need to close units that may have experienced temporary setbacks, and also avoids the necessity of having to borrow funds from outside sources. Thus, the MVS financial structure is based upon the principle of mutual aid, and provides an attractive alternative to profit-oriented commercial financial institutions.

Jubilee – Following the end of the MMN fiscal year, all unit surplus and deficit numbers will be shared with all units to provide opportunity for the sharing of resources among units. Units with significant surpluses are invited to share with units running a deficit or those expressing a specific need and/or project according to an annual formula established by the MVS0. To do this, units should notify the MVS0 as to any needs they may have or any significant expenditures they anticipate, so all units can be made aware of these giving opportunities. Units are encouraged to see this event as an opportunity to celebrate the spiritual discipline of cheerful giving.

General Bookkeeping Procedures

Recordkeeping - The unit treasurer should maintain all files, including financial reports and correspondence related to financial matters. All bills, receipts, canceled checks, bank statements, etc., for each month should be filed together for future reference, and be made available in the event of a request for audit from the MVS0. All financial records (receipts, bills, cancelled checks, etc.) must be kept for five years plus the current year before being destroyed.

Each unit and the treasurer should set up a method of bookkeeping to keep record of all unit disbursements and receipts for each month. This can be accomplished either by hand on a ledger sheet and then transferred to the MVS financial system, or by using Quicken or another accounting program and transferring the data, or simply by recording the transactions daily into the MVS online reporting system. Set up your bookkeeping method to correspond with the financial reporting system led by the MVS0, so that you can easily transfer the information from your system into the MVS financial reporting site should you choose to use that method.

Paying bills – Set up a routine to pay all bills and write out checks for stipends, rent, petty cash, etc., at the same time each month. Doing this at the beginning of each month or at the middle of the month may be the best time for your unit. The critical piece is that you establish a regular pattern of bill payment to ensure that no bills go unpaid, thereby making sure your MVS unit pays no late charges or any service disruptions.

How to reconcile a bank statement

Most unit financial difficulties begin with transactions not being recorded on the MVS financial reporting site. Reconciling, or balancing, the account with the bank statement each month can eliminate many small problems before they become larger headaches. The following basic steps may also be helpful.

- 1. Check off posted transactions.** Go through your bank statement and mark transactions as they are entered into the MVS financial reporting site to make sure they are all entered. Often bank charges and interest payments are forgotten.
- 2. Total outstanding checks and deposits.** Separately total the checks and expenses you have made that have not been posted to your account and not reflected on your bank statement as well as the deposits you have made that have not yet been credited to your bank account. You may decide whether to enter these outstanding transactions on the MVS financial reporting site in the month they occurred or the month they show up on your bank statement.
- 3. Compare ending balances.** Factoring in the outstanding payments or deposits, your bank statement ending balance and the ending balance on the MVS financial reporting site should match up each month. If they do not, look for missing or duplicate transactions. If you cannot get the balances to match, please contact the MVS/O for assistance in solving the problem.

MVSO Money Transfers

Every attempt will be made to capture all transfers of cash within the end-of-the-month reconciliation and transfer to or from the central MVSO account to your local bank account. On occasion, a significant expense may arise where your local bank account cannot accommodate the charge. In such instances, the MVSO can arrange for funds to be deposited in your local bank account at a time other than the month-end reconciliation. Every effort should be made to minimize these events by planning ahead for large purchases. If a transfer to your account is required, please try to give the MVSO a week's notice before the money is needed.

Working Cash Adjustments

Each month, the unit's bank account balance is adjusted back to the pre-established working cash amount.

Surplus – A surplus occurs in a month when the unit’s income exceeds the expenses. After the monthly finance report has been processed, the MVSO will contact the treasurer to authorize a deduction in the local bank account, to put the account back to the working cash level. The surplus money will be transferred to the unit’s central account.

Deficit – A deficit occurs in a month where unit expenses exceed the income. After processing the monthly report, the MVSO will deposit the deficit amount into the local bank account, bringing up the working cash level to the established amount.

Changing the working cash balance – It may occasionally be necessary to change the amount of a unit’s working cash fund. Increased expenses may require a larger fund. A decrease in expenses may make a smaller working cash balance advisable. A request should be made to the MVSO to set the desired amount to increase or decrease the working cash balance, and initiate the appropriate cash transfer transaction.

Petty Cash

Some units find it convenient to maintain a petty cash fund for minor cash expenditures such as: bus fare, incidental household expenses, incidental household food purchases, gasoline, etc. Units should carefully consider their pattern of spending to determine if their circumstances make such a fund advisable. Although it does make cash expenditures more convenient, it can also significantly complicate the work of the treasurer. Also, having readily available “loose cash” around the house can lead to impulse spending and thus strain the unit budget.

With the now more common using of unit debit or credit cards, petty cash funds are not as necessary. In the event that your unit does decide to have one though, the following are guidelines for the establishment and administration of such a fund.

Size of fund - The unit and local leadership should carefully consider the anticipated uses of the petty cash fund to determine the appropriate size of the fund. Larger balances are not advised both for security reasons and those previously stated. They complicate accounting and increase the risk of external theft and loss.

Establishment - To begin a petty cash fund, the treasurer should issue a check to “Cash” for the agreed-upon amount. The transaction should be listed as “other income” on the financial report and should be described as “establish petty cash fund.” It should also be listed as a miscellaneous expense on the disbursement side, and should be described as “petty cash.” Whenever the petty cash jar is replenished after this, it is not listed on the receipt or disbursement side. The expenses for the month DO need to be listed, however, to maintain the accurate account balances.

Spending - It is essential that a record of money spent from the petty cash fund be maintained, so that the unit treasurer has this information to report into the financial reporting system under the proper disbursement categories. All MVS funds are considered under the umbrella 501(c)(3) of Mennonite Mission Network and, as such, must be able to be accounted for in any IRS or similar audit.

Receipts - Because of the accounting problems involved, cash paid to the unit should always be deposited in the unit's checking account and should never be placed directly into the petty cash fund. Such funds can be listed as income in their appropriate category or, as a last resort, simply recorded as "miscellaneous income."

Balancing - The treasurer must balance the petty cash fund on a regular basis, at least monthly. Frequencies greater than monthly will depend on local circumstances. Weekly balancing is suggested. Monthly balancing is required.

The fund is balanced by adding cash on hand and the sum of the recorded expenditures. This total should equal the agreed-upon petty cash fund balance. Deviations indicate errors that should be identified and corrected.

Errors - If an error and shortage in petty cash has occurred and cannot be identified, the treasurer should report the problem in the financial reporting system under "miscellaneous," and bring the matter to the attention of their local leadership personnel and the MVSO. If errors frequently occur in the petty cash fund, and the problem cannot be corrected, serious consideration should be given to closing the fund.

Replenishing – As funds are spent from petty cash, additional money will need to be transferred from the unit's checking account. To accomplish this:

- Balance the fund as noted above and correct any errors.
- Issue a check to "Cash" for the amount spent. This should be treated as a regular expense, and should be itemized in the appropriate section of the monthly financial report.
- Itemize expenditures. The itemized expenditures should equal the amount of the check written. They must be itemized in the appropriate section of the monthly financial report.
- File receipts for future reference.

Example: The unit has a \$50 petty cash fund. The treasurer balances the fund and finds that \$10 cash remains. Receipts for gas purchases of \$30 and food purchases of \$10 are on hand. The total of the cash on hand and the recorded expenses (\$10+\$40) is \$50. Since this equals the established amount of the petty cash fund, the fund is balanced.

The treasurer issues a check to "Cash" for \$40 and enters it in the financial report.

Expenses would then be itemized under specific categories as follows:

Food \$10

Transportation \$30

In order for an accurate reporting of petty cash to be reflected in the correct categories of expenses for each month, the actual amount spent during the month should be reported instead of the amount to replenish the “jar.” For example, your petty cash has been established as \$50. For the month, the petty cash began with \$15.28 and this was spent. Another \$50 replenished the jar and the month ended with \$20.06. So, a total of \$45.22 was spent (\$15.28 + 29.94 [\$50 - \$20.06]). This is what should be reported as expenses under the proper categories.

After its establishment, whenever the “petty cash jar” is replenished, the \$50 does not have to be listed on the expense side. If it is, it should also be listed on the income side as well. The expenses for the month do need to be listed, however – again to maintain an accurate balance going forward.

It is important to remember that the expense column is a reporting of total funds spent, not just what comes out of the checkbook.

Increases - If the unit and local leadership decide that it is necessary to increase the amount of cash in the petty cash fund, the procedures outlined above under “Establishment” should be followed.

Decreases and closing - To decrease or abolish the petty cash fund, the treasurer should remove cash from the fund and deposit it in the unit’s local checking account. The transaction should be listed as “other income” in the financial report, and should be described as “reduce (or close) petty cash fund.”

MVS Medical

Coverage - Health care is available for all volunteers serving terms of one year or longer. The MVS handbook gives more details on coverage provided.

Cost containment - The MVS health plan does not rely on conventional insurance coverage. Costs to units and the MVSO are directly related to expenditures. Volunteers should, therefore, attempt to be good stewards and seek out alternatives to high cost health care providers when they are available.

MVSO covered expenses – Any medical expenses for MVSErs enrolled in the MVS Health Plan will be covered by the MVSO. Volunteers should present their Everence Health Membership Card when receiving medical care or buying prescription drugs.

Major medical pool - Medical expenses above \$15,000 are submitted to an inter-Mennonite major medical pool called Mutual Aid Sharing Plan (MASP). The pool is reinsured against claims in excess of \$265,000.

Payment procedure - The Everence Health Membership Card is provided to each MVSer on the MVS Medical Plan. The billing address is on the card and should be used for all medical expenses (hospitalization, major medical expenses, prescriptions, etc.).

Medical assessment - Units are charged a monthly medical/administrative assessment for each adult volunteer that was in service for any part of the month. The assessment is paid in full each month by an automatic deduction from the unit's central account, regardless of the actual number of days the volunteer was in the unit. Assessments are not prorated for partial months of service. Children are not subject to this assessment. Assessments are charged for all volunteers even if they are being covered by other health programs.

Loans to Unit Members

In very rare and exceptional circumstances, it may be necessary to lend money to unit members.

Loans should be reserved for special situations, emergencies, etc. They should not be extended on a regular or routine basis.

Approval - The treasurer may approve requests for loans if the total amount borrowed is equal to or less than the volunteer's regular monthly personal allowance. Requests for loans that exceed the volunteer's monthly allowance must be submitted to and approved by the unit and local leadership. Any loan in excess of \$200 must be approved by an MVS unit administrator. Any loan extended to the treasurer shall be approved by a member of the local leadership or an MVS unit administrator.

Documentation - To avoid misunderstandings, all loans will be documented in writing. The treasurer and volunteer will prepare a brief agreement including:

- Name of borrower.
- Amount of loan.
- Date loan was made.
- Plans for repayment.
- Date of unit, local leadership and MVS director authorization (as required).

Recording - Loans made should be listed by name of borrower under disbursements in the MVS reporting system as "miscellaneous." A copy of the loan agreement should be sent to the MVSO at the time of the monthly financial report input and submission. Repayments should be listed by name of borrower under receipts, "other income," of the monthly financial report.

Advances

Units may occasionally face unusually large expenditures that would deplete their working cash reserves. Such situations might include purchase of a new vehicle or other large maintenance expense. Advances may be approved by the MVSO in anticipation of these expenses.

Requesting an advance – Call or e-mail the MVSO or speak to your MVS unit administrator to request an advance. Upon approval of the advance request, funds will be credited to the unit bank account.

Advance received – When the unit receives the requested advance, the advance should be recorded as a deposit in the unit checkbook. The amount of the advance received is recorded under the receipt section of the monthly financial report under “other income.”

Advance received and not spent – If the advance is not spent in the month it is received, the unit’s total working cash balance on the monthly financial report will be temporarily increased by the corresponding amount. Your central account balance will decrease by the amount of the advance.

Advance spent or returned – All advances must be accounted for. Advances should also be identified under the expenditure item of the monthly financial reports.

- Recording total advance spent – The amount spent is recorded and identified under the appropriate expenditure item of the monthly financial report.
- Recording total advance spent over several reporting periods – Only record the amount spent during the particular reporting period on the monthly financial report. When the remainder of the advance has been spent, it is recorded in the same manner on the subsequent reports.
- Recording portion of advance spent and returned – Record the amount spent as described in number 1. If no future expenditures related to the advance are planned, the remainder of the advance is returned to the MVS office, and is recorded as an expenditure item on the monthly financial report.

In all cases, the total amount shown on one or more monthly financial reports must equal the amount actually advanced to the unit. When an advance is given or returned, the MVSO will make an adjustment to your account balance.

Completing the Monthly Financial Report

Each month, the treasurer will submit a financial report to the MVS office via the online reporting system (clearcheckbook.com). Copies can and should be made for local leadership at their request. The report will cover a one-month period. It is essential that the report be

completed and submitted promptly. Doing so will greatly simplify the treasurer's task and that of the MVSO.

Getting Started:

Balance and replenish petty cash – If the unit has a petty cash fund, it should be balanced and replenished as described in the section on petty cash.

Close the books – If necessary, complete and update transactions in whatever accounting system your unit uses.

Expenses Categories - The following is a list of expense categories options that are included on the financial reporting site:

Ed/Rec – Spending your ed/rec stipend as outlined in the MVS Handbook.

Food – Food guidelines are stated in the MVS Handbook.

Funds sent to MVSO (Surpluses) – Record the surplus amount that the MVSO withdraws from your account. These should be recorded in the month that they show up on your bank statements. See the 'Working Cash Adjustment' section above for more information.

Household Supplies – Toiletries, cleaning supplies, light bulbs, other consumable items, etc.

Housing – More durable items purchased for the house such as furniture, tools appliances. House repairs and home insurance can also be included here.

Rent / Mortgage – Monthly payments.

Utilities – Phone, internet, gas, electricity, water, etc.

Local Leadership – Payments made to Local Leaders or for expenses they have incurred.

Medical – Medical related expenses.

Miscellaneous – Leave description explaining expenses that does not fit in any other category.

Bank Fees – Monthly fees charged to your account, etc.

Participant Stipends – Monthly stipend paid to the MVSer.

Retreats – Any unit retreats that happen during the year.

National Retreat – Any expenses related the fall National Retreat including: airline tickets, gas, food bought while traveling, and other travel expenses.

Transportation – Miscellaneous transportation expenses.

Gas / Public Transportation – Filling up unit vehicles or public transportation expenses.

Vehicle – Vehicle repairs, tune ups, new car purchases, insurance, etc.

Income - The following is a list of income categories listed on the financial reporting site.

Income – Any income not falling in one of the categories below. Please leave a description of where it came from.

Agency Support – Stipends from the MVS Agencies. Leave a description of which agency it came from.

Associate Member Rent – Rent payments for associates living in the unit.

Fundraising – Any income earned or given to the unit.

Funds from MVSO (Deficits) – Record the deficit amount that the MVSO deposits into your account. These should be recorded in the month that they show up on your bank statements. See the ‘Working Cash Adjustment’ section above for more information.

Step by Step Instructions for Online Financial Statement

Instructions for the online financial recording system are on the following pages. This will assist you in entering the required data to capture your unit’s financial transactions. To access the MVS financial reporting system, you will require Internet access. Please access this system at: <https://www.clearcheckbook.com/>

Logging In: Do not create a new account. There has already been an account created for all units. If you or your local leadership do not know the login information, contact the MVSO and they will provide that information or reset it.

Changing password – You are welcome to change the password to something you are likely to remember. This option can be found under ‘Settings’ – ‘Email and Password’. You will need to inform others in your unit who also need access.

Also please change the email address to whoever is the lead treasurer.

Entering Transactions: From the main ‘Dashboard’ screen you should see an ‘Add Transaction’ box. To complete an entry you will need to know:

Date – The date of the transaction.

Amount – The exact dollar amount of the transaction.

Description – The MVSO will always appreciate added descriptions for large or unusual transactions to explain what they were. You do not need to describe everything on your grocery shopping list, however.

Check Number – If the transaction was a written check, include the check number.

Payee – Who did the payment go to or where did the income come from.

Transaction – Choose whether it was a deposit (income) or a withdrawal (expense).

Account – You will likely choose the checking account option.

Category – Choose the corresponding category for this transaction. Categories are explained in the previous section.

Click the 'Add Transaction' button when finished.

Splitting a Transaction: There is also an option to split a transaction. This option can be used if one transaction would include multiple categories. If using this option, leave the original 'Category' transaction blank and select the corresponding category for each 'Split' option.

Editing Transactions: You can either edit transactions from the 'Latest Transactions' on the 'Dashboard' screen or go to the 'Register' page for additional entries. Check the box of the transaction and select edit to make the necessary changes.

Balancing: When your transactions for the month have been entered, take a moment to compare what has been entered on the finance site to your bank statement to double check for missing entries. Do the ending balances match up? Did you include bank fees? Has there been a surplus/deficit transaction from the MVS0?

The 'Jive' feature on the finance site is there to help check off transactions as you compare to a bank or credit card statement to see if anything is missing. You are welcome to use this 'Jive' feature if you find it helpful.

Submitting Monthly Statement: When you have everything entered for a month please either do one of two things. Option one (faster), email Kent Peters at KentP@MennoniteMission.net to notify him a month is ready. Option two, leave a note in the notes section saying which month is ready to be processed and Kent will check your page on a weekly basis.

When the monthly report has been processed, you will receive an e-mail that will identify the amount of either your surplus or deficit for that month. A surplus requires you to respond, confirming your local bank account can accommodate the withdrawal. The deficit will automatically be processed and a deposit will be made in your bank account. Remember, these surplus and deficit transactions made by MVS0 need to be entered in the next report that you complete (or the month that the transaction occurs).

Additional Uses for Finance Site

Viewing Transaction History: The quickest way to look up past transactions is to click on the magnifying glass icon towards the top right of the screen. You will then be able to narrow your search in a number of ways.

Other searching options include the 'Register' and 'Reports' screens.

The 'Register' screen will show all transactions in a big list with a few simple options to view just withdrawals, deposits, jived transactions, etc.

The 'Reports' screen has numerous options and ways to view the transaction history including viewing past information through graphs.

Additional Tools: There are numerous other options you can use on this site. Some of you may find them helpful, while others are fine with ignoring them. Use whatever you find to be beneficial for your unit.

Importing Transactions – As some units use other accounting or online systems to track their finances, you may now be able to import those transactions directly into this MVS Finance site without needing to re-enter the information. You can find this options under 'Tools.'

Budgets – The MVSO ask units to prepare a budget at the beginning of each MVS year. This tool may help you in preparing this. This option can be found under 'Budgets.'

Reminders – If you need a reminder to pay a recurring bill, you can create a reminder. Found under 'Tools.'

Others – Look at the 'Tools' screen and see what else is available.

Tips – There is also an option to change the expense and income categories for your unit. You can add additional categories if you find that necessary for your unit. Please do not delete any of the default categories, however, without first checking with the MVSO.

Allowance Schedule:

As of July 2016

Food spending guidelines

Adults - per person per month:

1-2 unit members \$105

3-5 unit members \$95

6 or more unit members \$90

Personal allowance

First year – per month \$60

Second year - per month \$80

Following years - per month \$100

Personal allowance (dependents through age 18)

First year – per month \$35

Second year - per month \$45

Following years - per month \$45

Unit education/recreation allowance

Maximum monthly - per person \$10