

## **B'nai Shalom of Olney Financial Policies**

The following document constitutes the financial policies of B'nai Shalom of Olney ("BSO") as of 02/24/2016. These policies have been developed, adjusted and amended in compliance with the current By-Laws of BSO (By-Laws updated July 2017), as well as under the guidance of the Executive Committee and with the input of the Director of Operations of BSO. These policies have further been approved by the Board of BSO under the duties established in Article VI, Sections 3 and 14 of the current By-Laws. It should be noted that all terms utilized in the entirety of these policies hold the definitions as determined and defined in the current By-Laws, including but not limited to the following: Member(s), Member in Good Standing, Board, Executive Committee, and Membership.

### **I. Determination and Acceptance of Membership**

- A. Acceptance of membership constitutes agreement to fulfill all financial obligations for the fiscal year, except as set forth in Item II, established in Article III, Section 7 of current By-Laws.
- B. New Members - For new members, an application must be submitted for membership, as established under Article III, Section 3 of the current By-Laws. New members must provide their preferred method of payment for dues and other fees, see Section VII of these Policies. Requests for financial consideration will be considered after a membership application is received, see section VI of these Policies.
- C. Continuing Members - Payment of any portion of the new fiscal year's financial obligations constitutes acceptance of membership for the entire fiscal year.
- D. Rejoining Members - Rejoining members will not be considered for membership until all outstanding financial obligations to the congregation are paid in full.
- E. Honorary Members - Honorary members incur no financial obligations.

### **II. Pro-rating of Fees**

- A. Members who join during the following specified time period are obligated for the following pro-rated financial obligations:

1. October 1st – December 31st : 75 percent yearly dues; 100 percent of religious school fees if applicable.
  2. January 1st – February 28th : 50 percent yearly dues; 75 percent of religious school fees if applicable.
  3. March 1st - April 30th : 25 percent yearly dues; 25 percent of religious school fees if applicable.
- B. Members who resign on or before December 31st, are obligated for payment of 50 percent yearly dues and the full year's religious school fees if applicable.
- C. Members who resign on or after January 1st are obligated for payment of full yearly dues and the full year's religious school fees if applicable.
- D. Members who remain members but withdrawal from religious school at any time during the year are still obligated for payment of full religious school fees for the entire school year.
- E. Resignation of membership will not be considered received unless received in writing.

### **III Mortgage Service Commitment**

- A. The Mortgage Service Commitment obligation is deferred until the beginning of the second fiscal year from the date on which a member originally joins. The commitment is then billed to the member over the course of 8 years.
- B. Members are obligated for the full amount of the mortgage service commitment applicable to their membership category at the time they incurred this commitment, with the exception of 'Changes in Status' as defined and outlined in item 'I' below.
- C. Full Family and Young Family members (includes Haverim Tomchim Family members) are obligated for a total mortgage service commitment of \$2,400, payable at \$300 per year.
- D. Single Family and Young Single members are obligated for a total mortgage service commitment of \$1,200, payable at \$150 per year.
- E. Senior Family members are obligated for a total mortgage service commitment of \$750, payable at \$150 per year.
- F. Senior Single members are obligated for a total mortgage service commitment of \$375, payable at \$75 per year.

- G. Rejoining members total mortgage service commitment: For Rejoining members, their total mortgage service commitment shall be based on the amount attributable to their membership category as determined by their original BSO membership, with the exception of 'Change in Status' as defined in item 'I' below with the following caveat: An adjustment will be made for the change in status, however since the change in status occurred during the lapse in membership to BSO, the outlined adjustments will be made relative to the mortgage service commitment associated with the new membership category in place as of the time of rejoining instead of those in place at the time of the life event. Rejoining members shall receive credit for all prior BSO mortgage service commitment payments, as well as credit for building fund payments made to any USCJ affiliated congregation within the 24 months prior to rejoining BSO.
- H. New members shall receive credit for any building fund payments made to any USCJ affiliated congregation within the 24 months prior to joining BSO. The maximum amount of credit is 24 months at the BSO rate for the member's category.
- I. Change in status
  - 1. Single members who become Family members will be obligated for the applicable Family member category's mortgage service commitment in place as of the date of the life event, but shall receive credit for amounts paid to BSO by each of the couple as Single members.
  - 2. Family members who become Single members as the result of death or divorce will be obligated for the applicable Single member category's mortgage service commitment in place as of the date of the life event, but shall receive credit for ½ of the amounts paid to BSO by the family.

#### **IV. Establishment of Fees and Dues**

- A. Annual dues, school tuition and fees, and any High Holy Day fees are established in the budget which is approved by the congregation. Fees for specific items or events such as adult education, youth group and items not specified in the budget may be established by either the Board of Trustees or the Director of Operations. In addition, these fees may be established by the Director of Religious School if the fees are related to Religious School or by the Director of ECS if the fees are related to ECS.
- B. Adjusted Fee Categories:
  - 1. A member shall be eligible for the Senior Over 70 rate if one of the spouses or partners reaches 70 by July 1st beginning with the start of the fiscal year during which the member advises the Director of Operations

that the member is eligible. It should be noted that as of 7/1/2017 this dues category shall cease to exist, as the Senior Over 70 dues level is scheduled to be slowly raised each year and the Senior Over 65 dues level is scheduled to be slowly decreased each year such that the two shall be equal as of 7/1/2017. Subsequent to 7/1/2017, the only Senior dues level will be Senior Over 65.

2. A member shall be eligible for the Senior Over 65 rate if one of the spouses or partners reaches 65 by July 1st beginning with the start of the fiscal year during which the member advises the Director of Operations that the member is eligible. Established under Article III, Section 2, d & e of the current By-Laws.
3. The Young Family Under 35 rate applies to member families where at least one spouse or partner is under 35 at the beginning of the fiscal year. There is also a Young Single Under 35 single rate. Established in Article II, Section 2, f & g. Unless otherwise provided in the budget approved by the Congregation, the Young Single Under 35 rate shall be the same amount as the Associate rate.
4. Associate members pay a flat fee of \$180.
5. Honorary members incur no financial obligation.

C. Discounted Religious School for Staff, grades Pre-K through 2<sup>nd</sup> (effective on or after 7/1/2016)<sup>1</sup>

1. Benefit: Religious School tuition, Pre-K through 2nd, is charged at Member price
2. Staff Status to Receive Benefit: Full Time and Part Time
3. Further Criteria for Benefit Eligibility: Employed by BSO continuously over at least a 6 month period. Includes those who began working for BSO before summer break and did not work summer break, but return for the fall.
  - Example: Started working at BSO March 1 or earlier, did not work over the summer break, but returned to work in September.
4. Termination of Benefit: Benefit terminates at point of job termination. If job termination occurs during the school year and the employee desires to

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<sup>1</sup>Code Section § 132 of the Internal Revenue Code -

Certain fringe benefits can be excluded from an employee's gross income such as no-additional-cost service and qualified employee discounts.

No-additional-cost-service is defined by the Code as "the employer incurs no substantial additional cost (including forgone revenue) in providing such service to the employee." This would pertain to Synagogue membership. We have space in our sanctuary for additional people and there is no further cost by adding an employee as a member.

Qualified employee discounts is defined by the Code as "in the case of services, 20 percent of the price at which the services are being offered by the employer to customers" is considered a non-taxable fringe benefit. ECS or Religious School is a service. We could offer those services at up to 20% off the member rate to an employee without it being taxable to the employee and no tax consequence to BSO. Offering a service at a member-rate instead of the non-member rate will also be non-taxable to the employee since the level of service does not change for members vs non-members.

These fringe benefits must be non-discriminatory. We would need to offer it to all full time employees.

continue Religious School, the remaining months will be charged at Non-Member pricing.

**D. Discounted Synagogue Membership Dues for Staff (effective on or after 7/1/2016) <sup>1</sup>**

1. **Benefit:** Membership will be discounted by 10% or 20% of the applicable dues category based on the current dues structure (full family, full supporting family, single family, age 65 and over – single or family). This equates to an annual savings of between \$99 and \$606 depending on dues category. Discount cannot be used on Haverim Hadashim membership. Discount does not extend to High Holiday tickets or other services with fees offered by BSO.
2. **Staff Status to Receive Benefit:** Full Time and Part-Time employees who work over 18 hours per week, on average, during the school year will be eligible for a 20% discount. Those Part-Time employees who work 18 hours or less per week, on average, during the school year will be eligible for a 10% discount.
3. **Further Criteria for Benefit Eligibility:** Employed by BSO continuously over at least a 12 month period. Includes those who began working for BSO before summer break and did not work summer break, but return for the fall.
  - Example: Started working at BSO January 1, did not work over the summer break, but returned to work in September would be eligible for reduced Membership dues on the following January 1 (which would be pro-rated for the remainder of the fiscal year.)
4. **Termination of Benefit:** Benefit terminates at point of job termination. If job termination occurs during the fiscal year and dues have not been paid in full, the remaining months of the fiscal year will be charged at the full price.

**V. Participation in the Synagogue 403b Retirement plan**

**A. Benefit:** Ability to defer portion of salary for retirement in a tax-deferred retirement plan [Beginning 1/1/2016]

1. Plan administered by The Joint Retirement Board for Conservative Judaism
2. Over 25 mutual fund choices
3. Ability to defer up to \$18,000 , plus an additional \$6,000 if age 50 or older, each calendar year (beginning with calendar year 2016)
4. Tax-deferred until distributions are taken; belongs 100% to employee
5. Online access to account
6. No employer contribution; no matching

- B. Staff Status to Receive Benefit: Full Time
- C. Further Criteria for Benefit Eligibility: Employed by BSO continuously over at least a 6 month period. Includes those who began working for BSO before summer break and did not work summer break, but return for the fall.
  - 1. Example: Started working at BSO March 1 or earlier, did not work over the summer break, but returned to work in September.
- D. Termination of Benefit: Benefit terminates at point of job termination. Instructions will be given to the employee to directly transfer the account to maintain the tax-deferred status at point of termination.

## **VI. Financial Consideration**

- A. The right to reduce, defer or waive any financial obligations (not including rescheduling or payments within a fiscal year) is reserved by the By-Laws under Article VI, Section 13 of the current By-Laws, to the Executive Committee, which has the authority to delegate that right to the Financial Secretaries. Delegation should be reestablished by vote each year to reflect the intentions of the current Executive Committee and Financial Secretaries. Established in Article V, Section 5 h (1) of the current By-Laws.
- B. The application for financial consideration (based on hardship) shall be submitted to the appropriate Financial Secretary by June 1 of each year (qualification for financial consideration must be reestablished each year), or with a member application.
- C. The Financial Secretaries shall maintain the names of all applicants in strict confidence. All documents will be kept secured and confidential.
- D. For members having applied for financial consideration at any point during their membership, who subsequently resign from membership, all related financial consideration forms and applications shall be destroyed upon their resignation. For on-going members, individual financial consideration applications and forms are retained for a period of 7 years, after which point they are destroyed.
- E. The Executive Committee (or the financial secretaries if they are deciding the matter under delegation) shall maintain the details of the application and considerations given in strict confidence. The First Vice President will provide oversight and the Director of Operations will be involved for continuity.

- F. If the Executive Committee by separate vote has delegated the decision regarding all determinations to the Financial Secretaries acting jointly, then if the two Financial Secretaries cannot agree on the granting of financial consideration, they shall refer the matter to the Executive Committee as established under Article VI, Section 13 of the current By-Laws.
- G. The financial secretaries shall respond to each applicant with either a denial letter explaining the denial of an adjustment or an award letter stating the amount approved.
1. In order for the approved reduced fee to be activated, the applicant must first formally accept the award by either submitting a letter in writing or emailing their acceptance to the Director of Operations.
  2. The applicant must submit ACH information within 10 days of acceptance so that automatic monthly amounts will be debited from applicant's checking account. If the applicant wants to use a credit card, a fee of 2.5% will be added to each monthly amount.
  3. The applicant can request a re-evaluation of the allowed reduction at any time, provided pertinent additional information has become available.
  4. The applicant can request an appeal on the financial consideration decision, which entails the following process:
    - The applicant meets with at least one member of the Financial Team (Financial Team as defined above).
    - The Financial Secretaries will re-evaluate the decision and make a final determination with input from the Financial Team.
    - The results of the appeal will be mailed to the applicant.
    - Note: Clergy is not involved with the process at all. It is important that the applicant be made aware of this.
  5. The financial secretaries will receive a list of upcoming Bar/Bat Mitzvah family names in July for the current fiscal year of families who are on financial consideration. The Director of Operations will review the accounts of these families monthly and alert the Financial Secretaries if there are any outstanding Bar/Bat Mitzvah related fees. All obligations must be paid in full 30 days prior to the Bar/Bat Mitzvah.

## **VII. Payments**

- A. The payment rules apply to both members and non-members who pay dues and/or have registered for the ECS and/or Religious School.
1. Dues - Billing for all regular obligations is made on the basis of twelve equal monthly installments. The Member is allowed to pay ahead of the schedule.
  2. Tuition – Billing is made in either nine or ten monthly installments depending on the calendar or billing cycle for the relevant fiscal year.

Those enrolled will be notified at the beginning of the school year as to whether it will be a nine or ten month cycle.

3. Religious School and/or ECS registration fees are due based on the deadlines as established by the relevant School Director and must be paid before classes start.
  
- B. Members and non-members are requested to sign up for automatic monthly payments (known as debits) of dues and tuition using either their bank account or a credit card.
  
- C. The monthly amounts will be charged to the member's and non-member's bank accounts or credit cards between the 5th and 10th of each month.
  
- D. Member and non-members choosing not to sign up for auto debit will be e-mailed a statement requesting payment. The e-mailed statement will provide a link to pay the balance due for the month.
  
- E. If a member or non-member cannot access their bill online, a paper statement will be sent monthly.
  
- F. Use of a credit card to pay dues and tuition will be charged a 2.5% fee. The 2.5% fee may change based on the current rates BSO is being charged by its merchant processor, subject to the discretion and approval of the Director of Operations.
  
- G. Use of a credit card to pay other fees including High Holy Day tickets, event fees and donations will have an option available to add the 2.5% fee to the payment. This is an optional addition but provides an opportunity for the payer to offset the merchant processor fees otherwise incurred by BSO.

### **VIII. Other Payments**

- A. Donations through United Way cannot be credited to a member's account. While donations may be made to BSO through the United Way's payroll deduction plan, such payments cannot be applied to an individual member's account to offset dues, building fund payments or other personal obligations or commitments to BSO.
  
- B. Donations made through Foundations can be credited to a member's account.
  
- C. Donations of publicly traded securities can be credited to a member's account. The security will be valued on the date the security is received by the BSO brokerage account using the valuation method dictated by the U.S. Internal Revenue Code. The security will be sold and the cash will be transferred to the operating account. If the cash received from the sale of the security on the



date it is sold is different than the value on the date the security was received, the congregant will always get credit for the value on the date the security was received by the BSO brokerage account. Any gain or loss on the sale is realized by BSO.

## **IX. Penalties/Implications of Financial Obligations**

- A. The By-Laws provide that a member whose financial obligations are more than one calendar quarter in arrears shall be deemed a member 'not in good standing', as established in Article III, Section 5 of the current By-Laws. Such a member may not vote, hold office or petition and, based on a determination of the Executive Committee (or financial secretaries if delegated as its representatives), may not receive High Holy Day tickets.
- B. The current By-Laws, Article X, Section 6, allow for suspension of any member who has been in arrears of any financial obligation for more than three months by a two-thirds vote of the Board of Trustees. The Board of Trustees has determined that unless special conditions prevail, they do not wish to suspend the membership of any member less than three months in arrears.
  - 1. Children of members whose membership has been suspended cannot be registered for religious school.
  - 2. Children of members whose membership has been suspended may be removed from the religious school at the direction of the Executive Committee.
  - 3. Members whose membership has been suspended with children enrolled in ECS will be charged the non-member rate as of the date of membership suspension.
- C. Families must be current in their financial obligations before a Bar/Bat Mitzvah date will be assigned. Dates are assigned typically during students Hey year of religious school (fifth grade). Families must be members as of the beginning of the fiscal year in which the dates are being given in order to receive a Bar/Bat Mitzvah date.
- D. Bar/Bat Mitzvah Financial Obligations: The Director of Operations will provide to all members with scheduled Bar/Bat Mitzvahs, written notice of their outstanding financial obligations as well as the Bar/Bat Mitzvah policies regarding financial obligations. All financial obligations must be paid in full 30 days prior to the Bar/Bat Mitzvah. As outlined in the Bar/Bat Mitzvah policies, failure to be members in good standing/failure to pay all financial obligations in full 30 days prior to the Bar/Bat Mitzvah will result in severe limitations for the Bar/Bat Mitzvah including but not limited to the following: no aliyot, no d' var torah, and no Kiddush. The Director of Operations will

mail a notice three months prior to the scheduled Bar/Bat Mitzvah indicating any outstanding financial obligations at that time.

**E. ECS/Religious School registration:**

1. In order to qualify for the member discount for ECS tuition, a member must be current in their financial obligations or in compliance with a previously made payment arrangement.
2. Synagogue policy allows children of non-members to register for grades K through 2nd in the Religious School (at 150% of member tuition).
3. If the family was at any time a member of the Congregation, there can be no amounts still owed to the Congregation at the time of the Religious School registration.
4. Non-member families must become members in order to register their children for Religious School from grade 3 on.
5. In order to register children in the Religious School, members' accounts must be paid in full through June 30, or special arrangements must have been made by August 1, for the children to attend classes in the fall.

**X. Petty Cash**

- A. The Congregation prefers to pay for all items by check. However, in recognition of the fact that payment by check is not always feasible, petty cash funds may be established to pay for small out-of-pocket expenses. For each petty cash fund, a custodian shall be named. The custodian shall be responsible for the safekeeping of the funds and shall be liable for any shortages in the fund. The imprest amount of the petty cash fund shall be established by the Treasurer and may be adjusted from time to time to an amount that represents anticipated average quarterly disbursements.
- B. In order to avoid the appearance of impropriety, under no circumstances shall the custodian reimburse his or her self from petty cash funds. Any reimbursement to the custodian shall be made via check.
- C. The amount of cash on hand, plus the amount of receipts on hand representing pending replenishments of the fund, shall at all times equal the imprest amount of the fund. On a periodic basis, the fund shall be replenished in an amount equal to the amount of the receipts, which amount, when added to the actual amount of cash on hand, shall equal the imprest amount. No reimbursement shall be made unless supported by a receipt.
- D. A Petty Cash Reimbursement Log has been designed to facilitate the reconciliation and reimbursement of the fund and to assign the transaction to the appropriate expense account (see Appendix A). The Custodian will initial the form, and the Director of Operations will review and approve the log on a weekly basis.

- E. The amount of the petty cash fund shall be accounted for as an asset of the Congregation. When the log has 16 transactions or it is the end of the month, whichever comes first, the log will be scanned to the Bookkeeper for entry. The original log with attached receipts will be filed (with the other vendor files) and any necessary carry forward information will be entered on to the next Log. The Treasurer is authorized to conduct a surprise audit of the fund at any time.

### **B'nai Shalom of Olney Financial Policies: Addendum**

#### Under Section VII. Payments

##### Added:

4. For ECS, there is a prepayment of one month's tuition which must be paid by August 1st each school year. This prepayment will then be credited toward the last month's tuition for that school year. For those enrolling midyear, the prepayment is due upon registration acceptance.
5. For ECS, sixty days' notice must be submitted in writing if withdrawing during the school year. The tuition prepayment will then be credited to the final month of enrollment. Exceptions to the sixty days' notice requirement are limited to the following: death, loss of employment, or other circumstances as determined at the discretion of the Director of Operations and the Director of ECS. In addition, if at any time the Director of ECS determines that ECS cannot provide an appropriate program for a child, enrollment will be terminated and the prepayment will be applied to any outstanding balance. Once all balances are paid, any remainder will be refunded.