

NEW LOCAL UNIT FINANCIAL PROCESSES UPDATE

On May 17, 2010, a notice was sent from the Presiding Bishopric announcing the changes to the MLS program and introducing the new Church Unit Banking Services (CUBS) to the local units. Since then you have received several updates with additional information. This document will review the updates and provide more information.

Please distribute this document to your stake president or bishop, all counselors, and clerks and assistant clerks that are assigned to finances.

RESOLVE AS MANY OUTSTANDING RECONCILIATION ITEMS AS POSSIBLE.

The following instructions are to be used after receiving MLS 3.2.3 and being notified that CUBS has been enabled. Do not use these instructions until you have been notified that CUBS is enabled. You will be notified when these changes will take place.

After CUBS is enabled, outstanding or unresolved reconciliation items in MLS will show as pending on the monthly Financial Statement in the Action Items section.

On Sunday, October 17, 2010, a week before the system change takes place, please do the following in the order outlined below:

1. Make sure that your unit and all associated units are on the most current version of MLS (3.2.3 or higher). Please ensure that you include family history centers that use MLS to report donations and report expenses. If this is not done there is a possibility that you will need to reenter some donation batches and checks that are presently in MLS.
2. Enter your donation batch.
3. Enter and print all disbursements.
4. Transmit this information to Church headquarters.
5. Print the following reports from MLS:
 - a. Income and Expense Report. (You will need this to make adjustments and to confirm balances on the "conversion" date.)
 - i. Report : "Summary by Sub-Category"
 - ii. Date range:"All".
 - b. View/Update Donations
 - i. Date range "Current Year"
 - c. View/Update Expenses
 - i. Date range "Current Year"

On Sunday, October 24, 2010, conversion to CUBS is scheduled. Please complete a Send/Receive Changes to update the MLS system and receive a setup file containing CUBS data. Before entering any financial data:

1. Print the following reports from MLS:
 - a. Income and Expense Report. (You will need this to make adjustments and to confirm balances on the "conversion" date.)
 - i. Report : "Summary by Sub-Category"
 - ii. Date range: "All"
 - b. View/Update Donations
 - i. Date range: "Current Year"
 - c. View/Update Expenses
 - i. Date range: "Current Year"
 - d. Compare the reports to verify that all Donation and expense information that was in MLS before conversion is in MLS after the conversion.

2. If there is a missing donation batch, re-enter this batch. If there are additional batches from the original MLS information please contact Church headquarters to resolve. This will ensure that donors will receive correct donation statements at the end of year.

a. If there are missing disbursements (expenses), re-enter the checks using the correct check number. You will need to print the "Check" on a blank piece of paper then transmit to CUBS.

3. If there are any other discrepancies, please call our help line at 1-800-453-3860 extension 23500.

CHANGES THAT YOU WILL SEE IN THE UPDATED MLS PROGRAM

-Expenses and income recorded in CUBS that do not originate in MLS.

Certain expenses such as distribution services charges, missionary funding, and others that are recorded in your financial statement were entered by your ward clerk at the time of reconciliation. Also, certain income such as interest was entered by your ward clerk at the time of reconciliation. These items will now post to MLS automatically and will not need to be entered by your ward clerk.

-Returned Donor Checks.

Checks accepted for donations that are dishonored by the donor's bank will be reversed at Church headquarters. A letter along with the returned check will be sent to the donor. The donation will be adjusted in MLS the next time you do a Send/Receive Changes. If due to multiple donation instruments (several checks, cash and check) the adjustment is not done correctly, the member will need to contact the ward clerk to make adjustment to the donation.

-Adjustments made in MLS.

Any adjustments made in MLS will be transmitted to CUBS at the time you do a Send/Receive Changes.

-Adjustments made in CUBS.

Any adjustments made in CUBS will be transmitted to your MLS at the time you do a Send/Receive Changes. You will not need to enter these in MLS.

-Donation and expense categories/subcategories.

Church headquarters controls both donation and expense "Categories and Subcategories". For "Budget" and "Authorized Member Activities (Other)" categories, the local unit may add custom unit-specific subcategories for local unit tracking. Detail at the unit-specific subcategory level will not be maintained in CUBS.

-Local unit budget allowance.

All units will now receive budget allowance as an actual amount in the Budget category. For stakes and wards in the United States and Canada, this means that every three months each qualifying unit will receive an amount in the Budget category that will remain as a balance and will decrease as the unit writes checks against that category. (The timing of the allowance has not changed. Budget will be distributed in January, April, July, and October of each year.) The month-end balance will carry forward, including the December month-end balance carrying forward to the next year. Stake leaders have oversight responsibility to monitor unit budget balances. To assist in this oversight the "Consolidated Financial Statement" replacing the current "Stake Financial Summary", will provide balance per local unit.

The amount of budget funds given continues to be based upon quarterly report data submitted by each ward. The stake determines the distribution of budget to each ward unless directed otherwise by area authorities. For each ward, the stake assigns a percentage to each budget category (such as Young Women or Primary) that is used to calculate the amount the ward receives. After the ward receives its percentage, the stake receives the remaining percentage. For example, if 60% is assigned to the Young Women budget category for Ward X then 60% of the Young Women budget category amount will go to the ward and the remaining balance to the stake. (These percentages need to be defined in MLS by the end of the month before the allowance is to take place.)

Stakes assign budget distribution percentages between the stake and each ward by doing the following in MLS:

1. On the Finances panel, click More.
2. On the Budget panel, click Budget Allocation.
3. For a unit, enter a percentage in each of the following:
 - Sacrament Meeting
 - Young Men
 - Young Women
 - Primary
 - Young Single Adults
4. Review displayed estimates and, if acceptable, click Submit to send percentages. Submitted percentages remain on record for future budget distributions unless updated through MLS or by personnel at Church headquarters.

Budget allowance will continue to be given four times each year in January, April, July, and October and notification letters will be sent to MLS. In addition, a preliminary budget notice will be sent one month prior to communicate the upcoming budget allowance and allow leaders to update quarterly report data, ward budget percentages, and other information as needed.

At the time of conversion the remaining budget allowance balance as reported on your Stake Financial Summary will be deposited into the budget category of the stake account. This amount will show as a transfer to the budget category on the first Church Unit Financial Statement following conversion. The stake will need to write a check to each ward for their portion of this balance and the ward should deposit and record the check as income to the budget category. Both the stake and ward will show a beginning budget balance of zero on their first Church Unit Financial Statement following the conversion.

A final Stake Financial Summary will be run from the current system and sent to the stake. The Stake will have all the ward information through October 17 included on the last Stake Financial Summary. Stake leaders will want to wait for the final Stake Financial Summary and then determine the amount of budget allowance to transfer to each ward via check. All ward budget expenses after the implementation will remain with the Ward account and not transfer to the Stake.

-Missionary Commitments

A subcategory for each missionary will automatically appear in MLS for missionaries serving from the ward as indicated from the Missionary Department. Wards will not be able to modify or set up these manually. As new missionaries are called, the Missionary Department will notify the Finance department and new subcategories will appear in the MLS system for the wards.

Each month Church headquarters withdraws a monthly amount for each single full-time proselytizing missionary serving from the ward. The missionary withdrawal amount will be automatically recorded in MLS. The clerk will not have to manually enter the amount in MLS as was previously required. If donations for a particular missionary are received prior to having a subcategory for the missionary set up through the

Missionary Department, the ward should record those donations in the Ward Missionary category. Such donations may be later transferred to the specific missionary's subcategory after it has been automatically set up.

If after conversion there are funds in the old subcategories, please transfer these balances to the new subcategories automatically established by the system. You must have MLS version 3.2.3 or higher for these missionary transfers to work appropriately. To transfer these funds, do the following:

1. Go to the Finances menu and click More. Then click Enter Transfers.
2. Add a reason for the transfer, such as "Transfer balance to new subcategory."
3. Move amounts from categories in "Transfer source" (left side) to categories in "Destination" (right side).
4. The category totals at the bottom should match.
5. Click Save to save the transfer.

Saved transfers cannot be undone. An opposite transfer must be entered to reverse the previous incorrect transfer.

-Tax Reimbursement

For those units that are required to record sales tax with each disbursement, this will no longer be recorded in a Tax field on the Expense screen. Instead, the amount of the expense will be split between the expense and the tax on the expense. Both will be entered under the "Category" and "Amount" columns. For units in Utah and North Carolina, the entire amount of the tax will be left in the unit's account. Only the amount of the expense will be deducted from the account. For units in Canada, half of the amount of the tax will be left in the unit's account. The other half of the tax amount plus the expense will be deducted from the account.

-New Church Unit Financial Statement

The Church Unit Financial Statement helps unit leaders make sure that unit funds are being properly handled and accounted for. After CUBS is activated, all units will begin receiving a new Church Unit Financial Statement that will contain summaries, descriptive details, and graphs of financial transactions. Each category on the Tithing and Other Offerings slip will have its own section on the statement. For example, Humanitarian Aid, Temple Construction, and Perpetual Education will have their own sections. After having reviewed the monthly Church Unit Financial Statement, as financial stewards for their unit, leaders and clerks should follow up on any action items indicated and sign the statement. Leaders will no longer be required to reconcile the statement to MLS. The statement, in a section called "Action Items," will indicate any outstanding items that require attention by the unit.

FREQUENTLY ASKED QUESTIONS

Subcategories

Q. All my balances in budget, other, and ward missionary are different than they were. How can I get them back to normal? Can you give me step-by-step instructions on how to fix these?

A. When viewing the Income and Expense Report, select All as the date range and focus on the ending balance.

Balances in subcategories can be re-created by using the finance document printed out prior to the transition and using the Transfers function in MLS. To access the Transfers function in MLS:

1. Go to the Finances menu and click More. Then click Enter Transfers.
2. Add a reason for the transfer, such as "Re-creating subcategory balances."
3. Move amounts from categories in "Transfer source" (left side) to categories in "Destination" (right side).

4. The category totals at the bottom should match.
5. Click Save to save the transfer.
6. Saved transfers cannot be undone. An opposite transfer must be entered to reverse the previous incorrect transfer.

Q. How do I add subcategories?

A. Headquarters controls subcategories. Units may add additional unit-specific subcategories in certain subcategories such as Budget and Authorized Member Financed Activities.

Categories or Subcategories with a red X cannot be edited, New unit subcategories can be added under authorized member financed activities and budget by following these steps:

1. Go to the Finances menu and click More. Then click Add/Update Categories.
2. Click on the plus sign (+) next to a category to expand it.
3. Click on the category or subcategory that the new subcategory should be added to.
4. Click on Add.

Q. How do I delete my old Ward Missionary subcategories?

A. Transfer funds to each Ward Missionary subcategory to bring its balance to zero.

To bring the balance to zero, do the following:

1. Go to the Finances menu and click More. Then click Enter Transfers.
2. Add a reason for the transfer, such as "Transfer balance to new subcategory."
3. Move amounts from categories in "Transfer source" (left side) to categories in "Destination" (right side).
4. The category totals at the bottom should match.
5. Click Save to save the transfer.

Ward Missionary subcategories will become inactive after two months. After this, the unit will only be able to use Ward Missionary subcategories defined by CUBS. These older inactive categories will be hidden and will ultimately go away after 3 years in the United States and 5 years in Canada.

Q. How do I zero out my old Ward Missionary subcategories?

A. Use the Transfer process provided in MLS. (See detail in answer above.)

Q. When do zeroed Ward Missionary categories disappear?

A. After two months of inactivity.

Q. Why has the name of the Humanitarian Aid category changed?

A. There is a different accounting process for domestic and international donations to this category.

Q. Does the humanitarian aid money get used differently now?

A. No.

Q. Why do I no longer have the category Other: Temple Specific?

A. Other: Temple Specific has been eliminated. Donations can still be made to the Temple Construction category.

Budget

Q. The new Budget subcategories set up by Church headquarters are not applicable to me. Can I delete them?

A. Although these will not all apply to every unit, in order to be consistent in reporting and management of the local unit budget, you cannot delete them or make them inactive.

Q. We give all the Young Single Adult (YSA) allocations from every ward to the YSA ward. Can I do this through MLS?

A. You cannot give all YSA funds to one ward via MLS. Stakes could allocate all YSA funds to the stake and then the stake could transfer the funds to the YSA Ward.

Q. Our stake distributes budget as a fixed dollar amount rather than a percentage. Will we be able to do this through MLS?

A. The only way to handle it as a fixed amount would be to allocate the wards nothing, and then write them a check for the desired amount, which they would deposit. We encourage the stake and the wards to learn the new method.

Q. What subcategory will my quarterly budget allocation amount be posted to?

A. Budget Allocations

Q. I missed the deadline and forgot to edit a percent in the budget allocation screen. What do I do now?

A. Update the Budget Allocations screen for future allocations, then write checks for past differences.

Q. Do I have to enter transfers to change the budget allocations in each subcategory every quarter?

A. Yes, MLS has changed. Budget subcategories will have ending balances. Using the Transfer functionality in MLS, you can move balances to auxiliary subcategories.

Reconciliation

Q. I was behind on my reconciliation. Can I go back and reconcile the months I missed?

A. The reconciliation option will no longer be available. Any unresolved reconciliation items will show as Action items on the new Church Unit Financial Statement. Transactions such as interest, distribution center charges, missionary charges, etc that were typically input at the time of reconciliation will be entered in the MLS system by a file sent from Church headquarters and will not need to be entered using the reconciliation module.

Q. Will year-end procedures change with the finance transition?

A. There will be no changes in MLS year-end procedures.

Q. Please post instructions on how to complete a financial audit after the finance transition.

A. The financial audit will verify that local units have received and signed the financial statements. Most other audit steps remain the same as before.

Expenses

Q. What is the new process for entering sales tax or GST in MLS?

A. This section only applies to units in Canada, Utah and North Carolina. The "Tax" field in the "Enter Expenses" screen has been removed. Taxes are now input in the Category field. This means that if a \$20.00 budget expense for the Relief Society needs to be written, and there is \$1.40 sales tax, then \$18.60 would be allocated to the Budget: Relief Society category, and \$1.40 would be allocated to the Tax category. The "Category Total" field would equal the total amount of the check. Units in Canada can combine Harmonized Sales Tax (HST) and Goods and Services Tax (GST) amounts when calculating sales tax. The subcategory for Canada is Canada - GST / HST / QST. The subcategory for the United States is Sales Tax.

Donors

Q. A Husband and Wife are donating together. Can they show on the same donation?

A. No. Donor names may only show a single name, rather than showing a couple's names. The donor name will be the same as the full name on the membership record and cannot be changed. Donations previously made under "Smith, John and Jane" and associated with John's membership record will show as "Smith, John." (Misc. donors and unit donors will still be added when needed.)

Q. Does a member need to receive a donation statement from the current ward or Church headquarters if they've donated in more than one unit during the year?

A. They will receive a statement from Church headquarters if they donated to more than one unit. This statement will be mailed directly to the member and include all donations made during the appropriate time. (This will include donations made at the member's current ward and all other donations he has made associated with his member number.)

Finance Statement

Q. Why is there a graph below the summary? The information is already contained in the summary.

A. This is a visual representation of the information.

Q. Why are the transfers I entered in the Transfers section of MLS showing on the Church Unit Financial Statement?

A. The statement will show every finance transaction made to the local unit.

Q. What is this deposit error on my finance statement and how do I fix it?

A. Follow suggested instructions on Action Items.

Consolidated Statement (This statement replaces the current "Stake Financial Summary" received by the Stake.)

Q. The Action Items section has an "Unresolved Financial Transactions" section. The statement is not specific on what these items consist of. It says to talk to the unit. They don't know and I don't want to ask them and look like I don't know what I'm talking about. How can I get information on these items without calling Church headquarters?

A. Instructions suggest following up with the ward clerk to resolve this.

Q. We've seemingly fixed an action item, but it won't go away. What can we do?

A. Please contact Church headquarters for further help.

Q. How can I get a unit to not show in the "Missing Weekly Donation Information" section? These units are seasonal or correctional or not currently in service.

A. This is a known defect that is being addressed with software enhancement.

Q. There is a discrepancy between our outside spreadsheet and the finance statement. How do I fix the finance statement?

A. The financial statement is the official document for the Church. If you have information about an action item or concerns, please contact Church headquarters.

Q. Will the stake be notified if a ward overdraws its Budget?

A. The stake will use the consolidated financial statement to see the balance remaining at the ward level.

CUBS Procedures

Q. I've lost finance information, such as Income and Expense Reports or past reconciliation statements. Can I get this information by calling Church headquarters?

A. Unfortunately, Church headquarters does not keep local MLS records on file.

Q. What is this report/document I just got? Can you give us an idea of what kinds of new documents the clerks will receive?

A. With the new software, you will receive new and/or enhanced reports. A partial list of these is below:
(These reports will be delivered to your MLS system for review.)

Stake/District

- Monthly Finance Statement
- Consolidated Finance Statement
- Projected Quarterly Local Unit Budget Allowance
- Quarterly Budget Allowance

Ward/Branch

- Monthly Finance Statement
- Projected Quarterly Budget Allowance
- Quarterly Budget Allowance