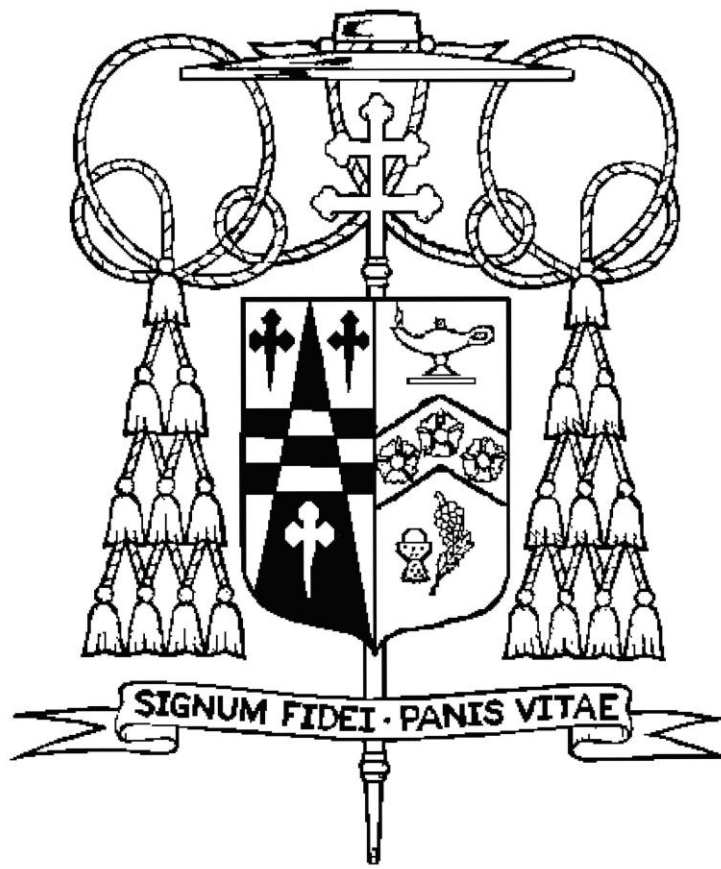


ARCHDIOCESE OF SEATTLE  
PARISH ACCOUNTING MANUAL



# Parish Accounting Manual

## Introduction

The Parish Accounting Manual is a supporting document to the Archdiocesan policy manual: "Many Gifts, One Spirit". The policies of both documents are applicable to all parish, parish school programs, and cemeteries of the Archdiocese.

This updated edition of the Parish Accounting Manual is the result of a year-long process by a committee comprised of:

Jeff Bemis, PA for Business Administration, St. Leo Parish, Tacoma  
Ed Brands, Administrator, Holy Redeemer Parish, Vancouver  
Lorrie Conway, PA for Administration, St. Thomas Parish, Camas  
Ron Enneking, PA for Administration, St. Mary Magdalen Parish, Everett  
Elizabeth Guss, PA for Administration, St. Hubert Parish, Langley  
Pat Selsor, Bookkeeper, St. Columban Parish, Yelm and St. Peter Mission, Tenino  
Sr. Mary Slater, SNJM, Bookkeeper, St. James Cathedral, Seattle  
Sarah Diama, Assistant Director of Parish Financial Services, CCAS  
Scott Bader, Director of Parish Financial Services, CCAS

Special thanks to Frank Feeman, Chief Financial Officer, CCAS, for providing us with insightful comments, corrections and suggestions.

If you have any questions relating to the manual or its contents, please contact either of the undersigned.



Sarah Diama  
Assistant Director of PFS  
[sarah.diama@seattlearch.org](mailto:sarah.diama@seattlearch.org)  
Phone: 206-382-4573  
Fax: 206-382-4279



Scott Bader  
Director of Parish Financial Services  
[scott.bader@seattlearch.org](mailto:scott.bader@seattlearch.org)  
Phone: 206-382-4585  
Fax: 206-382-4279

# ARCHDIOCESE OF SEATTLE

## INDEX

	<u>Page</u>
SECTION A: PARISH ACCOUNTING POLICIES	A-3
SECTION B: CHART OF ACCOUNTS	B-2
SECTION C: PARISH ACCOUNTING CONCEPTS	C-2
SECTION D: PAYROLL	D-2
SECTION E: CAPITAL ASSETS AND EXPENDITURES	E-2
SECTION F: CUSTODIAL COLLECTIONS AND PARISH CUSTODIALS	F-2
SECTION G: PRF SAVINGS & LOAN OPERATIONS	G-2
SECTION H: RESTRICTED FUNDS	H-2

# **ARCHDIOCESE OF SEATTLE**

## **SECTION A**

### **PARISH ACCOUNTING POLICIES**

# ARCHDIOCESE OF SEATTLE

## TABLE OF CONTENTS

### SECTION A: PARISH ACCOUNTING POLICIES (ALPHABETICAL)

	<u>Page</u>
I. ANNUAL REPORTS	5
VII. BANKING	11
VI. CAPITAL ASSETS & DEPRECIATION	10
XII. CASH DISBURSEMENTS	18
IX. CASH RECEIPTS	14
III. CEMETERIES	7
XV. CREDIT CARDS	22
XVI. ELECTRONIC RECEIPTS, DISBURSEMENTS AND WIRE TRANSFERS	23
XVII. GAMBLING ACTIVITIES	24
IV. INSURANCE	8
V. INVENTORY LIST	9
VIII. PARISH FINANCIAL OPERATIONS REVIEW	13
II. PARISH REVOLVING FUND (PRF) SYSTEM	6
XVIII. PARISH SPONSORED SOCIETIES AND GUILDS	25
X. PARISHIONER STATEMENTS	16
XI. PAYROLL	17
XIII. PETTY CASH	20
XX. RECORD RETENTION	28
XIV. SCRIP	21
XIX. VOLUNTEERS	27
 APPENDICES	
A-1: Sample Tamper Evident Bag Procedure	30
A-2: Documentation for Charitable Contributions	32
A-3: IRS Charitable Contribution Substantiation Rules Receipt Examples	33
A-4: Sample Check Request Form	36
A-5: Sample Petty Cash Policies and Procedures	37
A-6: Sample Credit Card Policies and Agreement	41
A-7: Tips for Safer Online Banking	42

# ARCHDIOCESE OF SEATTLE

## TABLE OF CONTENTS

### SECTION A: PARISH ACCOUNTING POLICIES

(BY SECTION)

	<u>Page</u>
I. ANNUAL REPORTS	5
II. PARISH REVOLVING FUND (PRF) SYSTEM	6
III. CEMETERIES	7
IV. INSURANCE	8
V. INVENTORY LIST	9
VI. CAPITAL ASSETS & DEPRECIATION	10
VII. BANKING	11
VIII. PARISH FINANCIAL OPERATIONS REVIEW	13
IX. CASH RECEIPTS	14
X. PARISHIONER STATEMENTS	16
XI. PAYROLL	17
XII. CASH DISBURSEMENTS	18
XIII. PETTY CASH	20
XIV. SCRIP	21
XV. CREDIT CARDS	22
XVI. ELECTRONIC RECEIPTS, DISBURSEMENTS AND WIRE TRANSFERS	23
XVII. GAMBLING ACTIVITIES	24
XVIII. PARISH SPONSORED SOCIETIES AND GUILDS	25
XIX. VOLUNTEERS	27
XX. RECORD RETENTION	28
 APPENDICES	
A-1: Sample Tamper Evident Bag Procedure	30
A-2: Documentation for Charitable Contributions	32
A-3: IRS Charitable Contribution Substantiation Rules Receipt Examples	33
A-4: Sample Check Request Form	36
A-5: Sample Petty Cash Policies and Procedures	37
A-6: Sample Credit Card Policies and Agreement	41
A-7: Tips for Safer Online Banking	42

# ARCHDIOCESE OF SEATTLE

## I. ANNUAL REPORTS

(A&F Section II)

1. Each parish (and its dependent organizations) and Archdiocesan institution shall submit a Parish Annual Report (PAR) to the Archdiocese in the format provided by the Archdiocese, along with accompanying financial statements (i.e. Balance Sheet/Statement of Financial Position, Profit & Loss/Income Statement/Statement of Activities). Parishes are also encouraged to submit a Statement of Cash Flows.
2. The PAR shall be submitted in accordance with the timetable set by the Archdiocese. Late PARs may result in the Archdiocese imputing ordinary income for assessment purposes.
3. Each parish shall issue an annual report to its parishioners no later than October 31<sup>st</sup> of the fiscal year immediately following the fiscal year being reported on (e.g. annual report for FY 16/17 should be issued by October 31, 2017).
  - a. The annual report must show the financial position of the parish at fiscal yearend, provide a summary of all financial activity for that fiscal year, and show the budget for the current fiscal year.
  - b. The parish must submit a copy of the annual report to the Archdiocese (Parish Financial Services) as soon as it is available.

# ARCHDIOCESE OF SEATTLE

## II. PARISH REVOLVING FUND (PRF) SYSTEM

(A&F Section III)

1. All parishes and archdiocesan institutions must participate in the Archdiocesan Savings and Loan System.
2. Parishes must deposit funds in excess of an average of 45 days operating expenses into a PRF Savings account.
3. Parishes are permitted to have interest bearing checking accounts or combined checking/savings accounts, but are not permitted to have separate savings accounts, securities, or real estate.
4. To deposit to the PRF, parishes must issue a check payable to “CCAS” or “PRF”. Address the envelope to the attention of the PRF to ensure that it is routed to the correct office. It is important to include your savings account number on the check so that it is credited to the right account.
5. To withdraw PRF savings, parishes must make a written request including the purpose of the withdrawal. The signed written request may be transmitted electronically through fax or e-mail. The form is available through Parish Financial Services or the Archdiocesan website.
6. Parishes are not permitted to go to outside banks, other organizations or individuals for loans without prior approval from the Archbishop.
7. Requests for PRF construction loans should be addressed to the PRF Commission. Construction projects must be approved by the Archbishop and conducted in accordance with archdiocesan construction policies.
8. The PRF Commission may provide operation loans in case of temporary financial difficulty. Prior to request for an operation loan, the parish must meet with the Director of Parish Financial Services.
9. Parishes are responsible for repaying loans in accordance with the Loan Agreement.
10. Monthly or quarterly PRF Savings and Loan Statements are available for download via DLS online. Annual statements will be mailed to the parish. Statements must be reconciled at least quarterly.
11. Parishes should limit their PRF savings accounts to seven if the parish has no school and cemetery, and additional two accounts each if the parish has a school and/or cemetery. A maintenance fee may be charged to accounts that are over the limit. The PRF will inform the parish when an account is over the limit and fees, if any, that may be charged. The PRF Commission will periodically review the account limits.

(See Section G of the Parish Accounting Manual for procedures related to PRF Savings and Loan accounts.)



# ARCHDIOCESE OF SEATTLE

## **III. CEMETERIES**

(A&F Section IV)

1. A cemetery administered by a parish is considered a program of the parish.
2. The cemetery's operating financial records must be maintained separately from the general parish organization within the parish accounting system. Records must be maintained in accordance with Archdiocesan Administration and Finance Policies found within "Many Gifts, One Spirit."
3. The parish must maintain a Cemetery Care Fund in accordance with Archdiocesan Administration and Finance Policies. Important among these policies are:
  - a. The Care Fund must be kept as a separate account in the Parish Revolving Fund and not commingled with other parish or cemetery funds. If not otherwise designated, the parish cemetery account in the Parish Revolving Fund shall be designated a Care Fund. These funds cannot be spent for any purpose other than the care of the cemetery.
  - b. The principal of the Care Fund must be left untouched. Unless otherwise specified by the donor, only the interest and capital gains (if any) may be withdrawn to be used for care and maintenance of the cemetery. The principal of the Care Fund may only be reduced with written approval of the Archbishop.
4. Unless otherwise established, the parish Finance Council shall be designated the parish Cemetery Board. At least one meeting per year must be held at which the financial status of the cemetery shall be discussed. Minutes of that meeting shall be made available to the Director of Parish Financial Services.
5. The parish should establish its own cemetery rules and provide a copy of these rules to the Director of Parish Financial Services and Director of Cemeteries. In the absence of parish rules, the rules in Many Gifts, One Spirit shall be deemed the cemetery rules.

# ARCHDIOCESE OF SEATTLE

## IV. INSURANCE

(A&F Section XII)

1. The Corporation of the Catholic Archbishop of Seattle (CCAS) maintains the Property and Liability insurance for Archdiocesan entities.
2. As specified in the Archdiocesan Administration and Finance Policies, individual parishioners, non-profit organizations or outside groups using archdiocesan facilities must either provide Certificate of Insurance coverage or purchase Third Party Coverage through the Archdiocese's current insurance provider.
3. All archdiocesan vehicles are legally owned by CCAS but the parish is the registered owner.
4. Priests are responsible for their own insurance coverage on any personal vehicle.
5. Individuals (employees and volunteers) who use their personal vehicles for parish business are required to provide proof of liability insurance coverage that meets the state minimum requirement.

# ARCHDIOCESE OF SEATTLE

## V. INVENTORY LIST

1. Parishes should maintain a complete inventory list of parish property and equipment with a replacement cost of over \$10,000 regardless of whether the item is capitalized or expensed.
2. The inventory list should include a description, picture, date of purchase or acquisition, or date when the asset was first put in service, original cost, location, and estimated useful life. See sample below.
3. The inventory list should be updated annually and include the date of the previous inspection.
4. A backup of the inventory list must be stored offsite. If no offsite location is available, Parish Financial Services can keep a copy of the list.

FIXED ASSETS INVENTORY LIST

Description of Asset	Purchase/ Acquisition Date	Date Asset Was First Put in Service	Original Cost	Location of Asset	Estimated Useful Life (Years)	Date of Previous Inspection

# ARCHDIOCESE OF SEATTLE

## VI. CAPITAL ASSETS & DEPRECIATION

1. All capital acquisitions must be recorded on the books as assets.
2. A capital asset is defined as any item purchased or any capital improvement which costs \$10,000 or more and is expected to have a useful life of more than one year. Both criteria must be met in order to classify something as a capital asset.
3. Generally accepted accounting practices require depreciation to be recorded. However, parishes are not required to depreciate but there should be a capitalization policy that says capital assets are to be funded by capital campaigns.
4. The recommendation to allow parishes to choose whether or not to depreciate fixed assets was based on the following:
  - a. Most parishes fund major projects through capital campaigns, not operations.
  - b. The use of depreciation is very inconsistent. For example, a recently constructed parish will have the accounting records to support depreciating major facilities. However, older parishes do not. Capitalization of major expenditures is inconsistent.
  - c. When parishes record depreciation, if their budgets are breakeven or better, they should be accumulating cash to replace capital assets. However, most parishes are not experiencing this increase in cash reserves.
  - d. The Archdiocese believes that the best measure of parish operating performance is surplus before depreciation expense.
  - e. When parishes fund capital assets through Capital Campaigns as is generally the case, the assets are constructed with proceeds from the campaign. In this case, additional revenues from capital campaigns are realized and used to pay for the capital assets added. It is also true that financing from the PRF is used and proceeds from periodic payments of pledges are applied to reduce the liability and pay interest.
5. Parishes which elect to discontinue depreciation should:
  - a. Discontinue depreciation as of the beginning of the fiscal year. For assets partially depreciated, simply stop computing depreciation.
  - b. Asset purchases under the capitalization threshold of \$10,000 should continue to be expensed.
  - c. Capital Campaign proceeds should be accounted for and reported on a separate line item in revenues.
  - d. Fixed asset acquired should be recorded with a charge directly to the asset account.
6. For all parishes:
  - a. Parish Financial Services will prepare a new format for annual reporting of the statement of activities that will capture the results of operations before depreciation and capital campaign proceeds.
  - b. Cash flow reports will continue to reflect adjustments to the results of operations for non-cash items, debt service, and fixed asset additions.

(See Section E of the Parish Accounting Manual for the accounting procedures relating to the recording of capital assets and depreciation.)

# ARCHDIOCESE OF SEATTLE

## VII. BANKING (A&F Section XX)

1. All parish funds are to be deposited only in accounts that bear the parish name.
2. No checks made payable to the parish may be endorsed and converted into cash or deposited in accounts other than parish accounts.
3. Personal funds and parish funds may never be commingled in any bank account.
4. Each parish is to have its own Taxpayer Identification Number (TIN). The TIN is to be used in all reports requiring this number, such as payroll tax returns, W-9's and other government forms. See Policy XI for more information.
5. Each parish should maintain a complete list of all bank accounts using the parish name and/or TIN number(s).
6. No parish or parish sponsored organizations shall get their own Uniform Business Identification (UBI) number. Any parish with a UBI number shall let its UBI lapse.
7. All bank accounts including parish sponsored organizations bank accounts must be included in the parish general ledger and the Parish Annual Report that is submitted to the Archdiocese.
8. Separate accounts for parish sponsored organizations may exist. Such accounts should contain reference to the name of the parish. (See Policy XVIII for policies regarding these accounts.)
9. The pastor must be a signer on all parish, school, and parish sponsored organization bank accounts. However, authority to sign checks and other financial documents may be delegated by the pastor using approved Archdiocesan forms and instructions. Regardless of the delegation of signing authority, the pastor is always responsible for the financial affairs of the parish.
10. All unused checks are to be kept in a safe or locked cabinet.
11. Checks or copies of the front and back of checks should be returned with the bank statement. While copies of the front and back of all checks may be available online through the financial institution, having copies of canceled checks with the bank statements will facilitate review of the bank statement and bank reconciliation.
12. Bank statements and bank reconciliations should be reviewed by the pastor or an independent party (a person not involved in the check approval or writing process). The reviewer should sign and date the statement and reconciliation to indicate that the review was completed.

## ARCHDIOCESE OF SEATTLE

The review should cover such items as:

- a. Unusual withdrawals, debit card activity, and Electronic Funds Transfer (EFT) or Automated Clearing House (ACH) transactions
  - b. Deposit patterns to see if they match normal operations
  - c. Large items
  - d. Normal payroll entries
  - e. Long outstanding items
  - f. Duplicate payments or unauthorized payments
  - g. Transfers in and out of an account which could be sign of theft.
13. Bank reconciliations should be performed on a timely basis, preferably within ten working days of receipt of the bank statement. The preparer of the bank reconciliation shall sign and date the reconciliation.

# ARCHDIOCESE OF SEATTLE

## **VIII. PARISH FINANCIAL OPERATIONS REVIEW**

(A&F Section XXII)

1. The Archdiocese will conduct a Parish Financial Operations Review (PFOR) at each parish when there is a change in pastor, priest administrator, pastoral coordinator, or other appointed pastoral leader or every three years, whichever comes first.
2. A review may also be completed at the direction of the Archbishop or request from the pastor.
3. The review shall include HR compliance procedures including Safe Environment.

# ARCHDIOCESE OF SEATTLE

## IX. CASH RECEIPTS (A&F Section XXIV)

### I. Counting Mass Collections

1. A collection counting committee should be established in sufficient number to count collections as expeditiously as possible. Selection of members is extremely important. Prospects should be screened and approved by the pastor. The number of members should be sufficient to cover the counting requirements without overburdening the members; consider absences, vacations, etc.
2. The cash counting procedure should be in writing and furnished to each member of the counting committee. Members of the counting committee must be given copies of the procedures and be trained on these procedures. Sample cash counting procedures are in Appendix A-8.
3. The collection count should be done in a secure area in the parish office or other parish facility. Counting collection in parishioners' homes is not permissible.
4. Collections should be counted and checks endorsed for deposit as soon as possible after the service. Endorsement may be made by stamping the back of the check with the parish bank account information or writing "For Deposit" at the back of the check.
5. Deposits should be made no later than the first business day following the service. However, if there is no safe on the premises, collection proceeds should be deposited immediately. Remote deposit may be made by the parish.
6. All collections must be placed in pre-numbered tamper evident bags which must be tracked in a bag log. The collection must be placed in the bags by two unrelated people, at least 18 years old, either at the back of the church at collection time or when they remove the basket from the altar after mass. The bags must be sealed with at least two persons present and these persons must sign and date the bags. After the bag is sealed, it can be in the presence of one person; however when the bag is opened two people must be present. A suggested tamper evident bag procedure and sample log are included in Appendix A-1.
7. Collections must be counted by individual mass.
8. All counters must successfully complete a background check.
9. At least two unrelated people must be involved in counting parish collections and they should be rotated on a regular basis. As a policy, counters should be all volunteers. However, parish staff other than the bookkeeper or other employees involved in financial recordkeeping for the parish may participate in the count with a volunteer as warranted by circumstances.



## ARCHDIOCESE OF SEATTLE

10. The same two unrelated people must make the final tally in ink and should sign and date the tally sheet in ink. The amount of the bank deposit should agree with the final tally.
11. The amount of offering and the check number or "Cash" should be indicated on the outside of the envelopes for subsequent posting to parishioners' records. All envelopes must have an amount written on them. Loose checks should be listed or copied for subsequent posting to parishioners' records.
12. The envelopes and check listing should be forwarded to the appropriate individual to update the offering records. The individual should not have participated in counting the collection and should not be the bookkeeper or another employee involved in financial recordkeeping for the parish.
13. The amount deposited to the bank must be reconciled to the amount posted to parishioner records. This reconciliation should be done weekly by a party not involved in either the count or the posting. The reconciliation report should be part of the deposit records.

### II. Miscellaneous Cash Receipts

1. Each parish must have a written policy documenting the processing of receipts. Staff and volunteers should be trained on these procedures. Sample procedures are in Appendix A-9.
2. Funds received during the week (other than collections) must be recorded and deposited in a timely manner.
3. Checks should be restrictively endorsed (bank stamped or writing "For Deposit" at the back of the check) upon receipt.
4. All cash and checks received must be recorded using a three part receipt book with the original given to the individual, the second copy staying with the cash/check, and the final copy staying in the book.
5. For major fundraising events, the parish/school should consider utilizing tamper evident bags when proceeds are transported for counting and depositing. Procedures should follow mass collection procedures (i.e. counting by two unrelated individuals, preparation of tally sheet and signing the tally sheet in ink, reconciling amounts in the tally sheet with the amounts for deposit, etc.).
6. Cash and checks collected during fundraising events and other events must be deposited intact. Expenses should not be paid out from the funds collected during the event.

# ARCHDIOCESE OF SEATTLE

## X. PARISHIONER STATEMENTS

(A&F Section XXIV)

1. Contributions are free will offerings. Payments for services (tuition, CYO fees, facilities usage charges, etc.) are not contributions.
2. A person not involved in the collection count or deposit must post contributions to individual parishioner records.
3. Parishioner contribution records are confidential financial records and must be treated as such. Parishioner contribution records must be maintained in a secure (locked) file or password protected computer in the parish office. Access must be limited to individuals delegated by the pastor or pastoral leader.
4. Parishioner contributions must be acknowledged in accordance with IRS requirements. A separate acknowledgment may be provided for each single contribution of \$250 or more, or one acknowledgment, such as an annual summary, may be used to substantiate several single contributions of \$250 or more. The written acknowledgment is typically sent to the donor no later than January 31<sup>st</sup> of the year following the donation and must be received by the donor no later than the date the donor files the tax return for the year the contribution is made.
5. Parishioner statements for donated goods should only acknowledge the receipt of goods with a description of the goods received but a value for the goods should not be indicated in the statement.
6. Statements should be preprinted with the following confirmation request: “This statement is for your records. Please examine it carefully. If it does not agree with your records, please communicate this directly to (name of responsible person who is not involved in posting contributions).”
7. The parish must mail out parishioner statements no less than twice a year. Mailing out statements quarterly is recommended. Parishes may send out statements through e-mail.
8. Acknowledgement receipts from sponsored giving programs (e.g. United Way) shall be given out by the sponsored organization.

Documentation requirements for charitable contributions can be found in Appendix A-2.

Sample contribution acknowledgement receipts and letters are in Appendix A-3

# ARCHDIOCESE OF SEATTLE

## XI. PAYROLL (A&F Section XXIV)

1. All parishes must use the payroll system used by the Archdiocese.
2. Federal Income tax, Social Security and Medicare taxes are deducted from all employee paychecks and automatically swept from the parish's bank account.
3. Bonuses are taxable income and must be included in payroll expenditures and employee W-2 forms. According to IRS regulations, "gift cards", SCRIP or merchandise bonuses or gifts not considered de minimis fringe benefits are reportable income and must be included on the employee's W-2. Cash or cash equivalent items provided by the employer are never excludable from income.
4. All parish personnel must be classified properly as either employee or independent (self-employed) contractor. Independent Contractors are responsible for their own withholding taxes. Classification should be accomplished in accordance with the IRS guidelines found at <https://www.irs.gov/businesses/small-businesses-self-employed/independent-contractor-self-employed-or-employee>. All Independent Contractors or stipended volunteers or project pay must be vetted through the Human Resources office of the Archdiocese prior to engagement.
5. Parishes must obtain a W-9 from independent contractors prior to making a payment. Independent contractors who do not submit a W-9 may be subject to 28% backup withholding.
6. If it is absolutely necessary to store social security numbers, the parish must store these numbers in a secure location or safe or in a computer that has adequate safeguards and access controls.
7. All Independent Contractors paid \$600 or more in a year must be given a Form 1099-NEC. No individual should receive both a W-2 and a 1099-NEC from the same employing unit unless their status changed in the calendar year. This includes priests providing weekend and/or sacramental help.
8. Incardinated priests are required to pay Self Employment Tax and are prohibited from electing out of the Social Security System without the express written permission of the Archbishop and only under extraordinary circumstances (e.g., if a priest will not have completed 40 quarters of participation in order to be eligible for the program). Priests may elect to withhold self-employment tax by making a W-4 election.
9. Payroll advances are not the norm and should be granted only in exceptional circumstances. If granted, payroll advances to employees more than one month in advance are not permitted. Payroll advances must be approved by the pastor, priest administrator, pastoral coordinator or other appointed pastoral leader.
- n 10. The payroll register reports should be reviewed and reconciled to the payroll general journal entry every month by the pastor or an authorized person not involved in the payroll process. This person should sign and date the payroll report to indicate that the review is completed. At a minimum, the reviewer should review the employees included in the payroll, pay rates, and accuracy of hours worked.

# ARCHDIOCESE OF SEATTLE

## XII. CASH DISBURSEMENTS

(A&F Section XXIV)

1. All disbursements, excluding petty cash transactions, must be made by check, electronic funds transfer (EFT), or direct deposit. The use of debit cards is highly discouraged. Withdrawing funds from the bank should also be avoided.
2. All disbursements must have supporting documentation in the form of an invoice, check request with receipts, or a voucher with receipts. A check request form (see Appendix A-4) or voucher is to be used for non-recurring expenditures and disbursements that are not accompanied by a formal invoice. The check number and General Ledger account coding should be written on the invoice or check request form for proper recording.
3. Disbursements must have proper written authorization prior to payment. The person having budgetary responsibility for the expense may authorize the disbursement by initialing and dating the invoice (for recurring expenses) or signing and dating the check request or voucher. No one shall authorize their own reimbursement request.
4. Reimbursement requests must be submitted within three months after the expense was incurred. All reimbursements for business expenses must comply with an Accountable Expense Reimbursement Plan.
  - a. In accordance with the IRS rules, reimbursement of business expenses is considered taxable income unless there is a detailed report of the expenditure made to the employer. This report is the employee's responsibility.
  - b. All expenditures must be supported by documentation including amount, date, time, place, business purpose of each reimbursement and the original cash receipt. If under extraordinary circumstances a receipt is not received or is lost, and no duplicate is available through the vendor, all substantiating information including date, expense, and purpose must be provided in writing.
  - c. The same information is needed when paying for business expenses by credit or debit card. The detail may be recorded on the back of the charge slip with the original receipts attached, if applicable.
  - d. Any reimbursable mileage must be documented.
5. Checks payable to "Cash" must be avoided. Under extraordinary circumstances these checks may be issued; however two signatures are required on the check and all expenditures must be documented. We recommend that the checks be made payable to the person responsible for the money. (e.g. John Smith – Cash).
6. No one shall sign a check payable to oneself.

## ARCHDIOCESE OF SEATTLE

7. Funds received in Custodial Collections should be remitted within four weeks.
8. Signature stamps should not be used for signing checks. The pastor should designate another check signer in case the pastor is not available to sign checks.
9. Only the pastor and parish employees can sign parish checks. The Treasurer of parish-sponsored organizations (except Scrip) may also sign checks only for the organization.
10. The check signer must ensure that there is supporting documentation for the disbursement.
11. The person mailing the check should not be the signer or preparer of the check.
12. Parishes must obtain a W-9 from any non-employee (i.e., Independent Contractor) providing goods or services in return for payment prior to payment. This is also for the purpose of issuing a 1099-NEC at the end of the year for vendors who were paid at least \$600 for the year. Although incorporated vendors do not require a 1099-NEC to be issued at the yearend (i.e., C-Corps and S-Corps) and therefore would not require a W-9, it is still within the parish's right to request a W-9 for these types of vendors.

# ARCHDIOCESE OF SEATTLE

## XIII. PETTY CASH

(A&F Section XXIV)

1. Parishes may establish one or more petty cash funds for convenience. The size of the fund should be determined by its activity, but should not exceed the amount of one month's activity.
2. The funds should be maintained on an imprest basis. In an imprest system, the total of the amount of cash in the box and receipts for disbursements made from the fund (including IOUs) must equal the General Ledger amount at all times.
4. Petty cash must be periodically replenished for exactly the amount of expenditures from the fund.
5. The fund should be in the sole custody of one employee. The custodian should balance the fund at least monthly. Periodically the pastor, priest administrator, pastoral coordinator, or his/her delegate should count and review the fund.
6. Disbursements from the fund must be supported by petty cash vouchers prepared in ink and signed. All supporting data such as receipts should be attached to the voucher. Upon reimbursement of the fund, every voucher and related supporting documentation (such as receipts) covered by the reimbursing check should be canceled in such a manner as to prevent their reuse.
7. The petty cash fund should be maintained on the books as a balance sheet account. Cash should be replenished and expenses recorded when petty cash vouchers are submitted and the fund is reimbursed.

A sample Petty Cash policies and procedures is in Appendix A-5.

# ARCHDIOCESE OF SEATTLE

## XIV. SCRIP (A&F Section XXIV)

1. A SCRIP program may only be started with permission from the pastor.
2. A minimum of 85% of SCRIP hours must be accomplished by uncompensated volunteers.
3. A separate bank account must be maintained for all SCRIP activity.
4. SCRIP must be treated as cash and stored in a secure facility.
5. SCRIP inventory will be accounted for and reconciled regularly (at least monthly). If a Scrip account is not reconciled at least monthly, the Parish Financial Services office would be recommending to the pastor and principal of any school that sells Scrip that the sale of Scrip must be discontinued until they are in a position to reconcile on a monthly basis. Reconciliation must include inventory, Scrip sales and bank deposits.
6. SCRIP volunteers who have individual access to inventory must successfully complete a background check.
7. All persons working for the SCRIP program must have a job description that lists responsibilities.
8. Adequate controls over the delivery of SCRIP must be in place. This must include proof of delivery, such as having a form (e.g. sales tracking form) that shows the signature and date of the persons delivering and receiving the Scrip card. Volunteers must never store SCRIP at home. If absolutely necessary for volunteers to take home SCRIP for delivery (e.g. to the elderly), adequate controls must be in place.
9. The Scrip coordinator is not allowed to approve and release his/her own Scrip purchases under electronic purchasing and payment for Scrip where the Scrip coordinator releases Scrip to the purchaser after verification that payment has been received. Another Scrip volunteer or parish staff (e.g. bookkeeper) must approve and release Scrip after verifying that payment has been received.
10. SCRIP inventory must be maintained at a reasonable level.
11. SCRIP inventory should be maintained in the books as a balance sheet account.
12. Financial Reports for the SCRIP program must be generated monthly and reviewed by the pastor and/or his delegate.
13. Scrip procedures must be document in writing. Procedures should cover sales, purchases, recording Scrip transactions, inventory reconciliation, and financial reporting. Responsibilities of volunteers involved in these areas must be clearly defined.

# ARCHDIOCESE OF SEATTLE

## **XV. CREDIT CARDS**

(A&F Section XXIV)

1. Parishes may obtain one or more credit cards with the approval of the pastor, priest administrator, pastoral coordinator or other appointed pastoral leader.
2. Only employees normally making parish purchases may be issued a credit card.
3. Parish credit cards must not allow access to cash advances.
4. The credit card should be in the name of the parish/school but the employee name may be indicated on the card.
5. The credit limit on the card should be minimal. Credit limits should be reviewed annually to ensure that the limits are not excessive.
6. The card must be used only for legitimate business expenses. Personal expenditures are not allowed and may subject the cardholder to cancellation of credit card privileges or other sanctions.
7. Credit payments must be approved by the person having budgetary responsibility for the expense prior to charging them to the credit card.
8. The monthly credit card statement alone is not sufficient documentation for the expenses. Receipts must be obtained for all credit card charges. The receipts must contain the same information as is required for cash reimbursements (See Policy XII). For online purchases a printout of the payment receipt or e-mail acknowledgment of the payment is sufficient documentation for the purchase.
9. In accordance with IRS regulations, undocumented expenditures will be considered compensation and will be included on the individual's W-2 or 1099-MISC.
10. The parish/school must document its credit card policy. Employees who are issued a credit card must sign this policy to signify that they understand and accept the policy. A sample credit card policy is in Appendix A-6.



# ARCHDIOCESE OF SEATTLE

## **XVI. ELECTRONIC RECEIPTS, DISBURSEMENTS AND WIRE TRANSFERS**

### I. Electronic Receipts

1. We encourage parishes to offer electronic payment methods to their parishioners. Different methods include third party merchant services, local bank set-up, and personal online banking.
2. All donor credit card information must be handled in compliance with current PCI (Payment Card Industry) regulations. Parishes must use the services of a third party vendor who is PCI compliant.
3. Any parishioner bank or credit card information submitted to the parish must be stored in a secure (locked) file or safe or password protected computer.

### II. Electronic Disbursements

1. Retail online payments to infrequent suppliers should be made by credit card. Adequate paper trail must be maintained with documented approval of the transaction.
2. Parishes and schools are allowed to pay recurring expenses through automated payments. The pastor, priest administrator, pastoral coordinator, or other appointed pastoral leader must approve the list of vendors for which automated payments are to be made.
3. Automatic payments must be reviewed annually to determine the continued necessity of the expenses.
4. Electronic Funds Transfers (EFTs), including ACH, should be limited to specific pre-determined bank accounts (e.g. payroll bank account) and amounts. All limits on EFTs should be documented by the parish and noted in writing by the bank. For large payments or transfers by EFT, the initiator of the EFT must not be the approver of the EFT. The parish should avoid making EFT, and particularly ACH, payments to any vendor that is not part of the regularly scheduled or pre-approved EFT payments but instead make payments by check or credit card. In any case, the decision to make an EFT payment must be made by the parish after verifying the legitimacy of the transaction and not merely responding to a vendor request for a particular payment method.
5. Parishes must have adequate computer safeguards and software to protect all financial information. Appendix A-7 contains tips for safer online banking.

### III. Wire Transfers

The parish may only do wire transfers upon instruction of the pastor, priest administrator, pastoral coordinator, or other appointed pastoral leader. Instructions must be made through personal contact. Instructions through e-mail or other communication other than personal contact is absolutely prohibited.

All hard copy of parishioner records with identifying information such as credit card, debit card, or social security numbers must be stored securely, under lock and key with access only by the PAA and/or bookkeeper, and properly cross-cut shredded after the information is no longer needed.

# ARCHDIOCESE OF SEATTLE

## **XVII. GAMBLING ACTIVITIES**

(A&F Section X)

1. All parishes and schools must follow federal, state and local gambling and recordkeeping guidelines. The federal regulations can be viewed at <https://www.irs.gov/pub/irs-pdf/p3079.pdf> and the state guidelines can be viewed at <https://app.leg.wa.gov/WAC/default.aspx?cite=230>.
2. If applying for a gambling license, the parish may be asked for an authorization letter. This letter must be furnished by the Archdiocesan General Counsel. Please contact Parish Financial Services or the Office of the General Counsel to get this process started.
3. The State has the right to audit gambling activities. A separate bank account must be maintained for all gambling activity. All revenues/expenditures are to be recorded in this account and proceeds must be distributed as defined in the parish/school's application.
4. Raffle winnings are reported on form W-2G (not 1099-MISC). Raffle winnings include both cash and noncash prizes.
  - a. The parish must report raffle prizes if:
    - the amount paid, reduced at the parish's option by the wager (the amount a person paid for the chance to win a prize), is \$600 or more; and
    - payout is at least 300 times the amount of the wager.
  - b. The regular gambling withholding applies to winnings of more than \$5,000. The parish must withhold 25% from the winnings and report this amount to the IRS on Form W-2G. If the parish fails to withhold correctly, it is liable for the tax.

# ARCHDIOCESE OF SEATTLE

## **XVIII. PARISH SPONSORED SOCIETIES AND GUILDS**

(A&F Section XXV)

1. Parish sponsored groups, clubs, societies, circles, etc. are accountable to the pastor, priest administrator, pastoral coordinator, or other appointed pastoral leader. The purpose of each parish group must clearly indicate the way in which funds will be raised and expended before the parish group is approved and sponsored. All funds raised by the group are part of the overall parish financial structure and must be treated as such.
2. Parish organizations are not to be separately incorporated.
3. All fundraising activities, including one-time and special events, must be pre-approved by the pastor, priest administrator, pastoral coordinator or other appointed pastoral leader, in conjunction with the appropriate Archdiocesan office, prior to the fundraiser being announced. Approval must be documented in minutes of meetings, e-mail or other written documentation.
4. Each parish organization should have written guidelines or bylaws documenting the purpose, rules and procedures of the organization. A copy of the procedures should be given to all concerned parties, including parish administration, and incoming officers should sign a statement that they have read and understand these guidelines. All organizations must adhere to all policies found in this manual.
5. Parish staff should periodically meet with each organization to review policies, fundraising, and contribution acknowledgment practices.
6. Financial activity for parish sponsored organizations should be maintained in the parish general ledger as a custodial liability.
7. Parish and school groups are only allowed to have a separate checking and/or PRF account with the written approval of the pastor, priest administrator, or other appointed pastoral leader. The pastor, priest administrator, or other appointed pastoral leader must be a signer on all accounts.
  - a. All bank accounts must be included in the parish general ledger, and bank statements for these accounts must come to the parish or school office for review prior to forwarding to the appropriate group. The parish/school bookkeeper or the Treasurer of the group may prepare the bank reconciliation.
  - b. Each parish organization with a separate checking account must submit a report of financial activity to the sponsoring parish at least annually.
  - c. All organizations with separate accounts are subject to periodic financial review by parish staff appointed by the pastor, priest administrator, or other appointed pastoral leader.
  - d. If the financial records of the organization are not maintained by the parish offices, a checkbook, a simple ledger or a computer spreadsheet are ordinarily adequate to maintain financial records for these organizations. All financial transactions are to be entered.

## ARCHDIOCESE OF SEATTLE

- e. As a general rule, all receipts should be deposited in the checking account and all disbursements should be made by check. Cash payouts are discouraged.
  - f. In general, direct payments to vendors for operating expenses is the acceptable method of payment. Reimbursement to individuals should be allowed only in exceptional circumstances. Receipts are required for all reimbursements.
8. No one shall sign a check payable to oneself.
  9. When an organization makes a donation to the parish/school for a specific item, the organization should issue a check to the parish/school, which, in turn, should pay the vendor. This allows the donation or purchase to be properly recorded in the parish/school financial records.
  10. Accumulation of funds in these checking accounts beyond what is required to carry out annual activities is not allowed. Any such excess should either be presented to the parish or program as a donation or deposited in the PRF in the name of the group.

### St. Vincent de Paul

St. Vincent De Paul Councils and related conferences are separate entities for Federal Income Tax purposes. We understand that a separate group ruling letter has been obtained by the National Council of St. Vincent De Paul.

1. The best practice for handling St. Vincent De Paul donations would be to give these donations directly to the St. Vincent de Paul Society without being processed through the parish. The members of St. Vincent de Paul are responsible for acknowledging donations according to IRS guidelines.
2. Alternatively, parishes may continue to handle and process donations for their St. Vincent De Paul conference as custodians. Donations should be recorded in the parish family database. Funds must be remitted to S.V.D.P. within 30 days with an accompanying donor list.

# ARCHDIOCESE OF SEATTLE

## XIX. VOLUNTEERS

### 1. Compensation

Any compensation in exchange for work performed must be recognized as income to the individual. Compensation includes tuition reduction, fee waivers, salaries, gift cards, etc.

### 2. Donated Services

Donations of services by parishioners or others must be handled in accordance with IRS regulations. The value of donated services is not deductible by the donor.

### 3. Out-of-Pocket Expenses

Although the value of services given to a qualified organization cannot be deducted, some amounts that the volunteer pays (e.g. travel expenses) in giving services to a qualified organization may be deducted. The amounts must be:

- unreimbursed
- directly connected with the services
- expenses incurred because of the services rendered
- not personal, living, or family expenses.

# ARCHDIOCESE OF SEATTLE

## XX. RECORD RETENTION

Records must be retained in accordance with applicable sections of Canon and Civil Law.

(Contact Archives & Records at (206) 382-4352 or e-mail [archives@seattlearch.org](mailto:archives@seattlearch.org) for more information.)

# ARCHDIOCESE OF SEATTLE

## APPENDICES

# ARCHDIOCESE OF SEATTLE

APPENDIX A-1

## Sample Tamper Evident Bag Procedure

1. Tamper evident bags must be numbered. One or two bags should be assigned for each mass depending on size of bags and collection. One person can assign the bags to a mass. The bag number, date and assigned mass should be recorded on bag log and the person preparing the bags should sign the log. A best practice is to pre-print the bag numbers on the log to ensure that the bag sequence is intact.
2. Collection should be placed in bags by ushers before bringing up to the altar or two people can transfer the collection from the basket to the bags after Mass has ended. The people transferring the collection should sign and date the bag with a permanent marker. Once the bag is sealed it can be in the presence of only one person.
3. Bags should be placed in locked fireproof safe or cabinet. Access to the area should be limited. Bags should always be kept secure. They should not be left unattended where someone could walk off with them.
4. The person/s picking up the bags from the safe should compare the bag number to the bag log, verify that the numbers match, and sign off on the bag log. At least two people must be present when the bag is opened and throughout the count process.
5. The detachable bag tags or seals must be filed with the deposit records. Alternatively, bag numbers must be written on the tally sheets if the bag tags or seals are not kept.



# ARCHDIOCESE OF SEATTLE

## SAMPLE TAMPER EVIDENT BAG LOG

Date	Mass	Bag #	Bagged by	Signature. of bagger	Bag retrieved from safe by:	Signature of person retrieving bag from safe
11/2/2019	5:30 PM	701602	John Doe		Bob Smith	
					Sarah Jones	
11/3/2019	8:00 AM	701603	John Doe		Bob Smith	
			Richard Winston		Sarah Jones	
11/3/2019	10:00 AM	701604	John Doe		Bob Smith	
					Sarah Jones	
11/3/2019	5:30 PM	701605	John Doe		Jane Webber	
			Mary Hines		Sarah Jones	
11/9/2019	530 PM	701606				
11/10/2019	8:00 AM	701607				
11/10/2019	10:00 AM	701608				

# ARCHDIOCESE OF SEATTLE

## APPENDIX A-2

### Documentation for Charitable Contributions

	Applies to Cash or Noncash Dontributions	Not more than \$75	Over \$75 and under \$250	At least \$250 and under \$500	At least \$500 and under \$5,000	\$5,000 and over
Canceled check acceptable for donor's deduction?	Cash	Yes	Yes	No	No	No
Contribution receipt required for deduction?	Cash and Noncash	No*	No*	Yes	Yes	Yes
Charity's statement on donor's receipt of goods or services required?	Cash and Noncash	No	Yes**	Yes**	Yes**	Yes**
Form 8283*** required?	Noncash	No	No	No	Yes	Yes
Independent qualified appraisal and appraiser's signature required?	Noncash	No	No	No	No	Yes

\* Contribution receipt is required only if cancelled check or bank record is unavailable.

\*\* May be avoided if the charity meets the minimum value requirements of Revenue Procedures 90-12 and 92-49 and 2006-53.

\*\*\* Form 8283 may be downloaded from IRS.gov: <https://www.irs.gov/uac/about-form-8283>

# ARCHDIOCESE OF SEATTLE

APPENDIX A-3

## IRS Charitable Contribution Substantiation Rules Receipt Examples

### Example 1: Statement for Contributions

Contribution Statement St. XYZ Parish December 31, 2016			
Donor Name:	Mary Smith		
Address:	123 Main Street Anytown, WA 90000		
<u>Date Received</u>	<u>Check Number</u>	<u>Description of Item</u>	<u>Amount Donated</u>
1/23/16	3759	Offertory Check	\$100.00
4/2/16	5267	Check for Building Fund	\$425.00
7/16/16	9220	Offertory Check	\$ 70.00
Note: No goods or services, other than intangible religious benefits, were provided in exchange for this contribution.			

### Example 2: Receipt for Contributions of Non-cash Property – Tax deduction will be allowed only if donated clothing or household goods are “in good condition or better”

Receipt St. XYZ Parish February 15, 2016		
Donor Name:	Mary Smith	
Address:	123 Main Street Anytown, WA 90000	
<u>Date Received</u>	<u>Item Number</u>	<u>Description of Item</u>
2/15/16	32	Handmade Rug
This item was donated in good used condition.		
Thank you for your donation.		

(Note: Value determination is the donor's responsibility.)

# ARCHDIOCESE OF SEATTLE

## Example 3: Auction Receipt

St. XYZ Auction Receipt March 1, 2016			
Donor Name:	Mary Smith		
Address:	123 Main Street Anytown, WA 90000		
<u>Item Number</u>	<u>Description of Item</u>	<u>Good Faith Estimate of Value</u>	<u>Amount Paid</u>
26	Dinner at Vito's	\$25.00	\$100.00
102	Guitar lessons	<u>\$15.00</u>	<u>\$ 25.00</u>
Total		\$40.00	\$125.00
Note: Contributions are tax deductible only to the extent they exceed the value of any goods or services provided.			

## Example 4: Acknowledgment Letter for Cash Donation

December 6, 2016

Mary Smith  
123 Main Street  
Anytown, WA 900000

Dear Ms. Smith,

Thank you for your generous contribution of \$1,000 to St. XYZ on December 1, 2016 (or "during the calendar year 20XX"). No goods or services, other than intangible religious benefits, were provided in exchange for this gift. (May add some language regarding how the donation benefits the church – e.g. enables church to carry out its ministry or programs, etc.).

We are hoping for your continued support to St. XYZ.

Sincerely,

[Signature]

Fr. John Doe  
Pastor

# ARCHDIOCESE OF SEATTLE

## Example 5: Acknowledgment Letter for Donated Goods

December 6, 2016

Mary Smith  
123 Main Street  
Anytown, WA 900000

Dear Ms. Smith,

Thank you so much for your donation of tables and chairs for our parish hall. This letter serves as a formal acknowledgment for federal tax purposes that you made this in-kind gift on December 1, 2016. No goods or services, other than intangible religious benefits, were provided in exchange for this gift.

Pursuant to federal tax law, we are not permitted to determine the value of your gift for purposes of a charitable contribution deduction. However, you may wish to document the estimated value of your gift in the space provided below. Thank you again for your continued support to our parish.

Sincerely,

[Signature]

Fr. John Doe  
Pastor

---

Donor estimate of Fair Market Value \$ \_\_\_\_\_

# ARCHDIOCESE OF SEATTLE

APPENDIX A-4

## Sample Check Request Form

### CHECK REQUEST

Pay to the order of: \_\_\_\_\_

Total Amount of Check: \_\_\_\_\_ Invoice#: \_\_\_\_\_

#### DISTRIBUTION

Account Name	Account No.	Purpose	Amount

Requested by: \_\_\_\_\_ Date: \_\_\_\_\_

Authorized by: \_\_\_\_\_ Date: \_\_\_\_\_

Mail or Give to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Office Use Only:

Date Paid \_\_\_\_\_

Check # \_\_\_\_\_

Batch # \_\_\_\_\_

Posted by: \_\_\_\_\_

Posting date: \_\_\_\_\_

# ARCHDIOCESE OF SEATTLE

APPENDIX A-5

## Sample Petty Cash Policies and Procedures

### PETTY CASH POLICIES

1. One or more petty cash funds may be established. The amount and allowable uses for each petty cash fund should be documented and approved in writing.
2. The funds should be maintained on an imprest basis and periodically replenished for exactly the amount of expenditures from the fund. The size of the fund should be determined by its activity, but should not exceed the amount of one month's activity.
3. The fund should be in the sole custody of one employee. The designation of the Petty Cash Custodian should be in writing. The custodian should balance the fund at least monthly, and periodically the Pastor, Priest Administrator, Pastoral Coordinator, or his/her delegate should count and review the fund.
4. Disbursements from the fund must be supported by petty cash vouchers prepared in ink and signed by the requester. All supporting data should be attached to the voucher. Upon reimbursement of the fund, every voucher (and related supporting data) covered by the reimbursing check should be canceled in such a manner as to preclude its reuse.
5. The petty cash fund should be maintained on the books as a balance sheet account. Cash should be replenished and expenses recorded when petty cash vouchers are submitted and the fund is reimbursed.

### Procedures for Handling Petty Cash

1. To establish Petty Cash (PC), write a check payable to Petty Cash and cash the check in the bank. Use a check request form to request the establishment of Petty Cash.
2. Disbursements from Petty Cash
  - a. Cash Advance (See Form 1)
    - 1) Issue a Petty Cash Advance Form to the person requesting the cash (requester). The PC custodian fills out the upper half of the Cash Advance Form. The form should be signed by both the person receiving the cash and the PC custodian.
    - 2) To liquidate the advance, the requester brings back all receipts to substantiate the expenses incurred. The PC cash custodian reviews the receipts and determines validity of the expenses based on the approved uses of the funds.
    - 3) If the receipts are the less than the amount of cash advance, the requester returns the unspent cash. If the receipts are more than

## ARCHDIOCESE OF SEATTLE

the amount of cash advance, the PC custodian pays out of PC the excess amount to the requester.

- 4) The PC Custodian fills out the bottom half of the Cash Advance Form (Petty Cash Liquidation) to close the advance.
- 5) The GL code should be indicated in the form or receipts (if there are several receipts with different GL codes) for proper accounting.
- 6) Cash advances should be fully liquidated when receipts are provided by the requester in the same manner that amounts payable to the requester should be fully paid when receipts are provided in order to avoid the complications of accounting for outstanding balances.

b. Reimbursement (See Form 2)

- 1) The staff or volunteer presents receipts to the PC custodian.
- 2) The PC custodian reviews the receipts and determines validity of the expense based on the approved uses of the funds.
- 3) The PC fills out a Petty Cash Payment Form and staples the receipts to the form.
- 4) The PC custodian pays the staff or volunteer.
- 5) The GL code should be indicated in the form or receipts (if there are several receipts with different GL codes) for proper accounting.

3. Replenishment of Petty Cash

- a. Add up all the receipts in the PC box.
- b. The PC custodian prepares a check request form for the total amount of the receipts. The check request form should be approved by the Pastor or PAA.
- c. The bookkeeper issues a check payable to "Petty Cash" and the PC custodian cashes the check in the bank. The expense accounts to be used and the amounts should correspond to the receipts as indicated by the GL codes.
- d. The total of the PC replenishment plus the amount of currency and coin and outstanding advances should equal the established amount for the PC fund.



# ARCHDIOCESE OF SEATTLE

Form 1

## PETTY CASH ADVANCE FORM

Department: \_\_\_\_\_

Requested by: \_\_\_\_\_

Date: \_\_\_\_\_

Amount: \_\_\_\_\_

Purpose: \_\_\_\_\_  
\_\_\_\_\_

Payment Received by: \_\_\_\_\_ Payment Issued by: \_\_\_\_\_  
*(Requester)* *(PC Custodian)*

Date: \_\_\_\_\_ Date: \_\_\_\_\_

(do not cut)

## PETTY CASH LIQUIDATION FORM

*(Note: This section is filled out when receipts are turned in.)*

Amount Advanced: \$ \_\_\_\_\_

Total Amount of Receipts: \$ \_\_\_\_\_

*(If receipts are less than the advance amount)*

Amount owed by requester (if receipts less than advance amount) \$ \_\_\_\_\_

Amount returned by requester \$ \_\_\_\_\_

Amount received by: \_\_\_\_\_ \$ \_\_\_\_\_

Signature of PC Custodian

*(If receipts are more than the advance amount)*

Amount owed to requester \$ \_\_\_\_\_

Amount paid to requester \$ \_\_\_\_\_

Amount received by: \_\_\_\_\_ \$ \_\_\_\_\_

Signature of requester

Date: \_\_\_\_\_

GL Codes and amount:

\_\_\_\_\_

# ARCHDIOCESE OF SEATTLE

Form 2

## PETTY CASH PAYMENT FORM

*(Note: This form is used when there is no petty cash advance, just reimbursement)*

Department: \_\_\_\_\_

Requested by: \_\_\_\_\_

Date: \_\_\_\_\_

Amount: \_\_\_\_\_

Purpose:

\_\_\_\_\_  
\_\_\_\_\_

Payment Received by: \_\_\_\_\_ Payment Issued by: \_\_\_\_\_

Date: \_\_\_\_\_ Date: \_\_\_\_\_

GL Codes and amount:

\_\_\_\_\_

# ARCHDIOCESE OF SEATTLE

## APPENDIX A-6

### **SAMPLE CREDIT CARD POLICIES AND AGREEMENT**

Regular, full-time employees may be issued a business credit card with written approval from the Pastor. Any credit card the Parish issues to an employee must be used for parish business purposes only, in conjunction with the employee's job duties. Employees with such credit cards shall not use them for any non-business, non-essential purpose, i.e., for any personal purchase or any other transaction that is not authorized or needed by the Parish. To be eligible for a corporate credit card, an employee must travel frequently in the course of his/her duties, purchase significant volumes of goods and services for use by the Parish, or incur other regular frequent business expenses of a kind appropriately paid by credit card.

- The Parish credit card cannot be used for personal expenses or to obtain cash advances, bank checks, traveler's checks, or electronic cash transfers for expenses other than those incurred by the assigned employee named on the card.
- Misuse of the card will result in cancellation of the card and withdrawal of credit card privileges.
- Misuse of a Parish credit card for these, or any other type of unauthorized transactions in violation of this policy, i.e., incurring financial liability on the Parish's part that is not within the scope of the employee's duties or the employee's authorization to make parish business-related purchases, the cost of such purchase(s) or transaction will be the financial responsibility of that employee, and the employee will be expected to reimburse the Parish via deductions from pay until the unauthorized amount is fully repaid.
- Each card will be limited to a maximum of \$\_\_\_\_\_. Increases to the established maximum may be made on a case-by-case basis with written approval by the Pastor.
- Lost or stolen cards must be reported immediately to the Pastor or PAA.
- Parish credit card expenditures must be reconciled and submitted with original receipts to the PAA within 10 business days of the statement date. In accordance with IRS regulations, undocumented expenditures will be considered compensation and will be included on the individual's W-2 or 1099-MISC. Continued or repeated non-conformance to this policy will result in cancellation of the card and such other actions as appropriate.

*I have read the Parish credit card policy and I understand that personal or unauthorized charges, cash transactions or failure to provide original receipts on a timely basis, or other violations of this policy may result in withdrawal of the card and withholding from my pay of any unauthorized amount.*

---

*Employee Cardholder*

---

*Date*

# ARCHDIOCESE OF SEATTLE

APPENDIX A-7

## **TIPS FOR SAFER ONLINE BANKING**

While online banking is extremely convenient and easy-to-use, it also comes with various security risks. The online world is swarming with hacking and phishing attempts from hackers trying to break into another person's financial account, steal their information and, subsequently, all of their money. Therefore, every person who regularly uses some form of online banking should be alert to possible vulnerabilities in this system and know the ways to prevent hackers from getting ahold of their banking information.

[Naked Security](#) published an article outlining 8 tips for safer online banking. By following these tips, users can minimize risks to the security of their financial accounts.

1. Choose a bank account that offers some form of two factor authentication for online banking, such as a key code or unique image.
2. Create a strong password, avoiding common words or phrases, and change it every few months. Also, for security questions, the answer does not have to be the real answer, just one you will remember.
3. Keep your security software (anti-virus, firewall, etc.), operating system, and other software up-to-date to ensure that there are no security holes present when using your computer for online banking.
4. Beware of suspicious emails and phone calls that appear to be from your bank asking for account information. Access your online bank account directly by typing the address into your browser and call your bank back via a number that you are familiar with and you know is legitimate.
5. Access your accounts from a secure location, using computers and networks you know are safe and secure. Avoid using public networks and always look for the padlock icon in the corner of the browser, signaling that the website is encrypted.
6. Always log out and clear your computer's cache at the end of each session.
7. Set up account notifications to immediately alert you if there is any suspicious activity on the account, such as large withdrawals or a low remaining balance.
8. Monitor your accounts regularly, paying attention to all transactions over the past few months.
9. In general, bankers who take advantage of online banking services should be aware that technology, the Internet, and networks are not totally safe. Online banking is a great and convenient service, however those who use it must always be alert and aware of their financial accounts and possible hacking attempts.

# ARCHDIOCESE OF SEATTLE

APPENDIX A-8

## **SAMPLE CASH HANDLING PROCEDURES**

The parish must ensure maximum security for money received at Mass, and accuracy for accounting for those donations. Archdiocesan policy requires the parish to have written collection counting procedures that are made available to and known by the collection counters.

The following mass collection counting procedures incorporates Archdiocesan policies contained in the Parish Accounting Manual. These procedures must be given to the members of the counting committee who should be trained on these procedures.

### **Counting Committee**

Prospective members are screened and approved by the pastor. The number of members should be sufficient to cover the counting requirements without overburdening the members (consider absences, vacations, etc.). All members of the committee should undergo a background check.

At least two unrelated people must be involved in counting parish collections and they should be rotated on a regular basis. As a policy, counters should be all volunteers. However, parish staff other than the bookkeeper or other employees involved in financial recordkeeping for the parish may participate in the count with a volunteer as warranted by circumstances.

### **COUNTING PROCEDURES**

1. Counting is scheduled on the next business day following the weekend masses (usually Monday).
2. During count day, two unrelated counters will retrieve the mass collections from the safe located at the church sacristy. These counters will compare the bag serial numbers with those listed in the tamper evident bag log and sign the bag log. If everything is in order, the counters shall proceed to the counting area. If there are discrepancies or anomalies noted (e.g. bag seems to have been tampered with; bag is missing), the counters will note it in the log and report it to the Pastoral Assistant for Administration (PAA) for further investigation.
3. Counting shall be done in a designated secure room within the parish office. This room will be locked during the count. Only the collection counters and (specify a staff member who will oversee the collection but not involved in the count) are allowed in the room while the count is being conducted.
4. Counting supplies and forms shall be provided by parish staff to the counters. These supplies and forms shall be returned by the counters or left in the room after the count.

## ARCHDIOCESE OF SEATTLE

5. Collections are to be counted by individual mass. There shall be three count teams assigned to each mass (i.e. Saturday evening mass, Sunday morning and evening masses).
6. All entries to the "Cash Count Sheet" and any other worksheets and counter signatures are to be made using permanent ink. If there any corrections after the entries have been made, strike out the incorrect amount, put the correct amount and initial the correction.
7. Write the mass date on the Cash Count Sheet and encircle the mass time associated with the collection.

There are two Cash Count Sheets to be used depending on the collection being counted:

- a. Cash Count Sheet – Sacrificial Giving (for regular mass collections and pledges)
  - b. Cash Count Sheet – Special/Other Collections (for other than regular mass collections and pledges)
8. Bags will be opened in the presence of all members of the count team. The bag seal shall be set aside and form part of the deposit records. (Alternatively, the bag serial number may be written on the "Cash Count Sheet".
  9. Contents of the bags for each mass are to be grouped according to the following:
    - Weekly contribution envelopes – donors identified
    - Loose cash – donor not identified
    - Loose checks – checks not contained in an identifying envelope
    - All other special envelopes/collections grouped according to the type of contribution (e.g. Christmas collections, Roofing project collections)

### **Loose Cash (Regular Collection)**

Separate coins and bills into various denominations. One counter will conduct the initial cash count. For each denomination, list quantity and total on the "Mass Loose" section of the "Cash Count Sheet – Sacrificial Giving". The second counter will recount the cash and check the entries made by the first counter. When everything matches, the total coins and bills will be posted on count sheet.

Rubber band this group of bills as follows: ones (\$100), fives (\$500). Ten, twenty, fifty and hundred dollar bills shall be paper clipped per denomination. Coins shall be placed in a small plastic (e.g. Ziploc) bag. Include a post-it note with the total amount for each group of bills and coins.

### **Loose Checks**

Add up loose checks on the adding machine (to print on paper tape with the item count enabled). After totaling the amount of checks, compare the total item count printed on the paper tape with the actual number of checks counted. Then reconcile the amount on each check with the amount printed on the paper tape. Put a check

## ARCHDIOCESE OF SEATTLE

mark on the paper tape to signify that it has been reconciled with the check. If everything matches, list the total amount of loose checks on the “Mass Loose” section of the “Cash Count Sheet – Sacrificial Giving”. If there is any discrepancy, repeat the process until everything matches.

Photocopy the loose checks for subsequent posting to parishioner records. (Alternatively, you may list the loose checks on a separate sheet which includes donor name, amount and check number).

After the count, clip the loose checks together for subsequent posting to parishioner records. Label the paper tape “Loose Checks” and include with the loose checks bundle.

### **Weekly Contribution Envelopes**

Open each envelope and verify that the check is made out to the parish and the amount written on the envelope matches the amount on the check. Write the check number on the envelope.

If the envelope contains cash, verify that the amount written on the envelope matches the total amount of cash in the envelope. Write “CASH” on the envelope.

If the amount on the envelope is different from the amount of the check or cash, write the correct amount on the envelope and put your initials beside the correct amount. If no amount is written on the envelope, write the amount on the envelope and put your initial.

Process bills and coins similar to processing loose cash but write the total bills and coins on the “Contributions” section of the “Cash Count Sheet – Sacrificial Giving”. Process checks similar to processing loose checks but write the total amount of checks in the “Contributions” section of the “Cash Count Sheet – Sacrificial Giving”.

After the count, rubber band the contribution envelopes together for subsequent posting to parishioner records. Label the paper tape “Contribution Envelopes” and include with the envelopes.

### **Other Special Collections/Envelopes**

Checks and cash received in special collections are to be processed in accordance with the procedures above. Holy day collections (identified contributions and loose) are to be recorded in the “Cash Count Sheet – Sacrificial Giving” form while other collections are to be recorded in the “Cash Count Sheet – Special/Other Collections” form. Write the type of holy day or special collection in the blank column heading of the appropriate cash count sheet (e.g. Donation: Votives and Flowers, Roofing project).

10. When everything has been counted, the counters will sign the cash count sheet using permanent ink.
11. The next step is to prepare the “Deposit Summary and GL Distribution” form.

## ARCHDIOCESE OF SEATTLE

- a. One of the counters will transfer all of the totals from the cash count sheets for all the masses under the appropriate mass column and General Ledger (GL) line. Write totals to the line labeled "1115 – Total Receipts for this Deposit".
- b. Another counter will add up all the currency, coins and checks for all the masses and write them on the "Reconciliation Summary" section of the "Deposit Summary and GL Distribution" form.
- c. The totals in 11.a and 11.b should match. If they don't match, recount the cash/coin and checks from each bundle and make the appropriate changes in the cash count sheets and subsequent correction in the "Deposit Summary and GL Distribution" form.

### **DEPOSIT PROCEDURES**

12. All checks are to be endorsed after the count and prior to deposit.
13. Combine all cash/coin and combine all checks.
14. Prepare the bank deposit slip in duplicate. The amounts in the deposit slip will be taken from the "Deposit Summary and GL Distribution" form. The original deposit slip is placed together with the checks, currency and coins in the bank bag.
15. Deposit will be taken to the bank immediately after the deposit is prepared. If this is not feasible under extraordinary circumstances, the deposit will be kept at the parish safe for deposit the next day.

### **POSTING TO PARISHIONER RECORDS**

16. The individual posting to parishioner records should not have participated in counting the collection and should not be the bookkeeper or another employee involved in financial recordkeeping for the parish.
17. Forward all contribution envelopes and copies of loose checks to the appropriate individual to update the offering records.
18. After posting, the amount posted must be reconciled with the amount deposited to the bank. This reconciliation should be done weekly by someone not involved in either the count or the posting. The reconciliation report should be part of the deposit records.



# ARCHDIOCESE OF SEATTLE

CASH COUNT SHEET - SACRIFICIAL GIVING							
Date:				Bag no.			
Mass time:	Saturday 5:30 pm	Sunday 8:30 am	Sunday 11:00 am	(encircle one)			
CONTRIBUTIONS (4101)			MASS LOOSE (4102)				
No. of Bills		Total		No. of Bills		Total	
	x \$100 =				x \$100 =		
	x \$50 =				x \$50 =		
	x \$20 =				x \$20 =		
	x \$10 =				x \$10 =		
	x \$5 =				x \$5 =		
	x \$2 =				x \$2 =		
	x \$1 =				x \$1 =		
<b>Total Bills</b>				<b>Total Bills</b>			
No. of coins				No. of coins			
	x 50 ¢ =				x 50 ¢ =		
	x 25 ¢ =				x 25 ¢ =		
	x 10 ¢ =				x 10 ¢ =		
	x 5 ¢ =				x 5 ¢ =		
	x 1 ¢ =				x 1 ¢ =		
<b>Total Coins</b>				<b>Total Coins</b>			
<b>Total Coins and Bills</b>				<b>Total Coins and Bills</b>			
<b>Total Checks</b>				<b>Total Checks</b>			
<b>Total Cash/Checks</b>				<b>Total Cash/Checks</b>			
HOLY DAY CONT.. <u>Christmas</u> (4103)			HOLY DAY LOOSE <u>Christmas</u> (4104)				
No. of Bills		Total		No. of Bills		Total	
	x \$100 =				x \$100 =		
	x \$50 =				x \$50 =		
	x \$20 =				x \$20 =		
	x \$10 =				x \$10 =		
	x \$5 =				x \$5 =		
	x \$2 =				x \$2 =		
	x \$1 =				x \$1 =		
<b>Total Bills</b>				<b>Total Bills</b>			
No. of coins				No. of coins			
	x 50 ¢ =				x 50 ¢ =		
	x 25 ¢ =				x 25 ¢ =		
	x 10 ¢ =				x 10 ¢ =		
	x 5 ¢ =				x 5 ¢ =		
	x 1 ¢ =				x 1 ¢ =		
<b>Total Coins</b>				<b>Total Coins</b>			
<b>Total Coins and Bills</b>				<b>Total coins and Bills</b>			
<b>Total Checks</b>				<b>Total Checks</b>			
<b>Total Cash/Checks</b>				<b>Total Cash/Checks</b>			
Counted by:	_____			Verified by:	_____		
Date Prepared:	_____						

# ARCHDIOCESE OF SEATTLE

CASH COUNT SHEET - SPECIAL/OTHER COLLECTION						
Date:				Bag No.		
Mass time:	Saturday 5:30 pm	Sunday 8:30 am	Sunday 11:00 am	(encircle one)		
OTHER <u>Donations: Stole Fees</u>			OTHER <u>Donations: Votive &amp; Flowers</u>			
No. of Bills	Total		No. of Bills	Total		
	x \$100 =			x \$100 =		
	x \$50 =			x \$50 =		
	x \$20 =			x \$20 =		
	x \$10 =			x \$10 =		
	x \$5 =			x \$5 =		
	x \$2 =			x \$2 =		
	x \$1 =			x \$1 =		
Total Bills			Total Bills			
No. of coins			No. of coins			
	x 50 ¢ =			x 50 ¢ =		
	x 25 ¢ =			x 25 ¢ =		
	x 10 ¢ =			x 10 ¢ =		
	x 5 ¢ =			x 5 ¢ =		
	x 1 ¢ =			x 1 ¢ =		
Total Coins			Total Coins			
Total Coins and Bills			Total Coins and Bills			
Total Checks			Total Checks			
Total Cash/Checks			Total Cash/Checks			
OTHER <u>Donations from Auxiliary Groups</u>			OTHER <u>Coffee Hour</u>			
No. of Bills	Total		No. of Bills	Total		
	x \$100 =			x \$100 =		
	x \$50 =			x \$50 =		
	x \$20 =			x \$20 =		
	x \$10 =			x \$10 =		
	x \$5 =			x \$5 =		
	x \$2 =			x \$2 =		
	x \$1 =			x \$1 =		
Total Bills			Total Bills			
No. of coins			No. of coins			
	x 50 ¢ =			x 50 ¢ =		
	x 25 ¢ =			x 25 ¢ =		
	x 10 ¢ =			x 10 ¢ =		
	x 5 ¢ =			x 5 ¢ =		
	x 1 ¢ =			x 1 ¢ =		
Total Coins			Total Coins			
Total Coins and Bills			Total coins and Bills			
Total Checks			Total Checks			
Total Cash/Checks			Total Cash/Checks			
Counted by:			Verified by:			
Date Prepared:						

# ARCHDIOCESE OF SEATTLE

CASH COUNT SHEET - SPECIAL/OTHER COLLECTION							
Date:					Bag No.		
Mass time:	Saturday 5:30 pm	Sunday 8:30 am	Sunday 11:00 am	(encircle one)			
OTHER <u>Donations: St. Vincent de Paul</u>			OTHER <u>Donation: Roofing Project</u>				
No. of Bills		Total		No. of Bills		Total	
	xx \$100 =				xx \$100 =		
	xx \$50 =				xx \$50 =		
	xx \$20 =				xx \$20 =		
	xx \$10 =				xx \$10 =		
	xx \$5 =				xx \$5 =		
	xx \$2 =				xx \$2 =		
	xx \$1 =				xx \$1 =		
Total Bills				Total Bills			
No. of coins				No. of coins			
	xx 50 ¢ =				xx 50 ¢ =		
	xx 25 ¢ =				xx 25 ¢ =		
	xx 10 ¢ =				xx 10 ¢ =		
	xx 5 ¢ =				xx 5 ¢ =		
	xx 1 ¢ =				xx 1 ¢ =		
Total Coins				Total Coins			
Total Coins and Bills				Total Coins and Bills			
Total Checks				Total Checks			
Total Cash/Checks				Total Cash/Checks			
OTHER <u>Fundraising Dinner</u>				OTHER <u>TOTAL CASH COUNT</u>			
No. of Bills		Total		No. of Bills		Total	
	xx \$100 =				xx \$100 =		
	xx \$50 =				xx \$50 =		
	xx \$20 =				xx \$20 =		
	xx \$10 =				xx \$10 =		
	xx \$5 =				xx \$5 =		
	xx \$2 =				xx \$2 =		
	xx \$1 =				xx \$1 =		
Total Bills				Total Bills			
No. of coins				No. of coins			
	xx 50 ¢ =				xx 50 ¢ =		
	xx 25 ¢ =				xx 25 ¢ =		
	xx 10 ¢ =				xx 10 ¢ =		
	xx 5 ¢ =				xx 5 ¢ =		
	xx 1 ¢ =				xx 1 ¢ =		
Total Coins				Total Coins			
Total Coins and Bills				Total coins and Bills			
Total Checks				Total Checks			
Total Cash/Checks				Total Cash/Checks			
Counted by:	_____			Verified by:	_____		
Date Prepared:	_____						

# ARCHDIOCESE OF SEATTLE

DEPOSIT SUMMARY AND GL DISTRIBUTION						
Dates: _____						
(date of masses)						
		TOTAL	Saturday 5:30 pm	Sunday 8:30 am	Sunday 11:00 am	
General Ledger Distribution:						
4101	Contributions					
4102	Mass Loose					
4103	Holy Day Collections					
4104	Holy Day Loose					
4105	Children's Collection					
4310	Fundraising					
4410	Stole Fees					
4425	Votive and Flowers					
4430	Donation from Auxiliary Groups					
4552	Coffee Hour					
2211	St. Vincent de Paul					
2401	Roofing Project					
1115	Total Receipts for this Deposit	_____	_____	_____	_____	
	Reconciliation Summary:					
	Currency	_____				
	Coin	_____				
	Checks	_____				
	Total for Deposit	_____				
		<i>must equal above</i>				
Prepared by: _____						Verified by: _____
Date prepared: _____						

# ARCHDIOCESE OF SEATTLE

APPENDIX A-9

## **SAMPLE MISCELLANEOUS CASH HANDLING PROCEDURES**

The following procedures pertain to cash received at the parish or school office:

1. The staff member receiving the money will count the cash and/or coin in the presence of the person (payer) bringing the cash to verify the amount of cash received.
2. If payment is received in an envelope, write "Cash" or check number and amount on the outside of the envelope.
3. The staff member will prepare a three-part carbonless receipt.
  - a. The first copy (white) is given to the payer and should include the amount received, date, and what the payment is for.
  - b. The second copy (yellow) is clipped to the check or the envelope with the money.
  - c. The third copy (pink) copy is to remain in the receipt book.
4. If a receipt is not issued, the cash received must be entered in a logbook. Details should include at least the name of payer, date and amount received, "Cash" or check number, purpose of the payment, and name of staff receiving the money.
5. Endorse checks immediately upon receipt.
6. Keep all cash and checks received at the office safe until retrieved by the collection counters for counting with the mass collections.

The following procedures pertain to cash received during fundraising and other events (e.g. fundraising activities, Coffee Hour, Rummage Sales, etc.):

1. Prior to the event, already identify individual(s) who will be tasked with collecting and counting the money during the event and emphasize that they are accountable for all monies received. Make sure that individuals involved in either the collection or count are not related and have been trained with the cash handling procedures.
2. After the event the money will be counted by two individuals who will prepare and sign a tally sheet in ink. It is better if these counters are different from those tasked with collecting money during the event.
3. The tally sheet and the money collected will be put into a tamper-evident bag. The individuals putting the money into the tamper-evident bag must seal the envelope and write their names, the date, amount collected, event and the organization on the front of the bag.
4. The bags shall be brought to the parish office where it will be received by the Pastor or a staff member and kept in the office safe until retrieved by the collection counters for counting with the mass collections.
5. If the event is more than one day, money collected each day will be brought to the office each day.
6. On the day of the mass collection count, the collection counters shall count the money and verify the count against the amount indicated in the tally sheet. Any discrepancy between the count and the tally sheet shall be noted and initialed on the tally sheet. Any discrepancies must be investigated and resolved.
7. The deposit shall be prepared in accordance with the deposit procedures. The tally sheet shall be filed together with the deposit slip and bank receipt.

# ARCHDIOCESE OF SEATTLE

## SECTION B CHART OF ACCOUNTS

**ARCHDIOCESE OF SEATTLE**  
TABLE OF CONTENTS

SECTION B: CHART OF ACCOUNTS

	<u>Page</u>
The Accounts	3
The Programs	3
Account Code Structure	4
Account Structure	5
DETAIL	6
ASSETS	6
LIABILITIES	4
FUND BALANCES	8
REVENUES	10
41XX – COLLECTION REVENUES	10
42XX – EDUCATIONAL RECEIPTS	12
43XX – FUND RAISERS	14
45XX – BUSINESS REVENUE	17
46XX – PROGRAM REVENUES	19
47XX – OTHER REVENUES	19
EXPENDITURES	20
51XX – SALARIES	20
52XX – BENEFITS	22
55XX – SUPPLIES	23
57XX – PROGRAM EXPENSES & SUBSIDIES	26
58XX – OPERATIONS AND MAINTENANCE	28
59XX – CONTRACTED SERVICES	29
61XX – BUSINESS	31
62XX – DEPRECIATION AND BAD DEBT EXPENSE	34
63XX - UTILITIES	34
64XX - TRAVEL	35
65XX – APPRECIATION/THANK YOU	35
66XX – ASSESSMENTS / CONTRIBUTIONS	36
MAIN PROGRAMS	37

# ARCHDIOCESE OF SEATTLE

## SECTION B: CHART OF ACCOUNTS

### The Accounts

To adequately maintain the financial records of a parish or other entity, it is necessary to track financial information and classify this information in meaningful categories. The Chart of Accounts is the method used to accomplish this objective. Parishes are required to use the Chart of Accounts as written.

The Parish Accounting Chart of Accounts is a listing of all of the classifications or accounts used in tracking the parish's financial activity. The accounts themselves are relatively straightforward (e.g., clergy salary expense, telephone expense, donation revenue, interest income).

Each account number has four digits; the first digit signifies the type.

Assets:	1000's
Liabilities:	2000's
Fund Balances:	3000's
Revenues:	4000's
Expenditures:	5000's & 6000's

Within each account type, there are a variety of accounts to choose from. Some titles are quite broad while others are much more specific. This allows greater flexibility in the recording of parish finances. The level of detail will vary from parish to parish depending on individual circumstances.

### The Programs

Since each parish may operate a multitude of programs (e.g. Religious Education, Liturgy, Outreach, Parish School), the financial records of the parish should reflect this diversity. Each program director should receive financial information for his/her program; in addition, this information is necessary for the Pastor, Pastoral Assistant for Administration and parish consultative bodies to responsibly administer the temporal goods of the parish. Depending on your accounting software, these may be called "Groups" or "Class Codes". We will refer to them as "programs" in the balance of this manual. Program numbers are a means to classify financial information (revenue & expense) to fill this need.

Program numbers consist of a two digit code that accompanies the account number for any given transaction. For example, suppose the parish buys \$200 worth of office supplies, half of which are for use by the Religious Education Director. The account number for office supplies is 5202. To allocate this purchase to the proper areas of responsibility, it should then be split between Program 10 – Parish Operations and Program 70 – Religious Education.

The following journal entry illustrates this simple example:

Debit	5502.10	100.00	
	5502.70	100.00	
	Credit	1115-00	200.00

To record the purchase of supplies for parish and religious education use.

This entry allows us to track expenditures by program and for the parish in total.

The Parish Accounting system includes five primary programs with subprograms and nine miscellaneous programs.



# ARCHDIOCESE OF SEATTLE

## Account Code Structure

The complete Account Number is a 6 digit number.

The 1<sup>st</sup> digit is the account type.

The 2<sup>nd</sup> digit is the category type.

The 3<sup>rd</sup> and 4<sup>th</sup> digits are the item numbers.

The 5<sup>th</sup> and 6<sup>th</sup> digits are the program numbers.

Thus the account number 5 1 01 10 is:

EXPENSE, SALARY, CLERGY, PARISH

If you changed the 1<sup>st</sup> digit you would have 4 1 01 10 or:

REVENUE, ORDINARY, SUNDAY COLLECTION, PARISH

The following page contains an overview of the chart of accounts and programs.

# ARCHDIOCESE OF SEATTLE

## OVERVIEW

### Account Structure

This framework outlines the basic account structure of the archdiocesan parish accounting system. A detailed listing of available accounts is included on the following pages.

1XXX		<u>Assets</u>
	11XX	Cash
	12XX	Receivables
	13XX	Prepaid
	14XX	Investments/Fund Assets
	15XX	Land, Buildings, Capital Assets
	16XX	Other Assets
2XXX		<u>Liabilities</u>
	21XX	Payables
	22XX	Custodials
	23XX	Long Term Debt
	24XX	Restricted Revenues
3XXX		<u>Fund Balances</u>
	31XX	General Fund
	32XX	Designated Fund Balances
4XXX		<u>Revenues</u>
	41XX	Collection Revenues
	42XX	Educational Revenues
	43XX	Fund Raisers
	44XX	Gifts
	45XX	Business Revenues
	46XX	Program Revenues
	47XX	Other Revenues
5XXX-6XXX		<u>Expenses</u>
	51XX	Salaries
	52XX	Benefits
	55XX	Supplies
	57XX	Program Expenses & Subsidies
	58XX	Operations & Maintenance
	59XX	Contracted Services
	61XX	Business
	62XX	Depreciation and Bad Debts
	63XX	Utilities
	64XX	Travel
	65XX	Appreciation/Thank You
	66XX	Assessments/Contributions

**DETAIL****ASSETS**

- 1101 (00) Petty Cash  
Cash held on the premises for miscellaneous expenses.
- 1115 (00) Cash in Checking Account – Parish  
Current balance in the Parish checking account. If the parish maintains other checking accounts, the following accounts may be used:
- 1117 (00) School
  - 1118 (00) Parent's Club
  - 1119 (00) Other
  - 1122 (00) Cemetery
  - 1123 (00) Other
  - 1124 (00) Other
- 1150 (00) Savings – PRF  
Current balance in the Parish PRF savings account. If the parish maintains other checking accounts, the following accounts may be used:
- 1151 (00) PRF/ARF
  - 1152 (00) PRF/ARF
  - 1160 (00) Building Fund
  - 1161 (00) Renovations
  - 1170 (00) Restricted Use
  - 1171 (00) Restricted Use
  - 1180 (00) PRF/ARF
  - 1181 (00) PRF/ARF
  - 1182 (00) PRF/ARF
- 1201 (00) Receivables – Parish  
Amount due to the parish, but not collected.
- 1205 (00) Receivables – Religious Education Tuition  
Amount due but not yet collected for religious education programs. For Archdiocesan reporting, include in account 1201.
- 1225 (00) Receivables – School  
Amount of fees due to school but not collected. For internal purposes, the following accounts may be used. For Archdiocesan reporting, these accounts should be consolidated in Account 1225.
- 1226 Receivables – Tuition
  - 1227 Receivables – Registration
  - 1228 Past Due Tuition

- 1260 (00) Notes/Contracts Receivable  
Include here amounts owed to the parish, school, or cemetery for which a formal promissory note or contract was signed. (Note: Notes or contracts generally carry a provision for interest to be charged on the outstanding debt).
- 1265 (00) Doubtful Receivables  
Include here an allowance for amounts due but which will probably not be collected. This account will normally have a credit balance. Use in conjunction with account 6220.
- 1270 (00) Other Receivables  
Amount of any other receivables.
- 1280 (00) Salary Advances  
Salary advances to employees.
- 1300 (00) Scrip Inventory  
Value of Scrip inventory that is on hand. This should normally be recorded at cost (i.e., purchase price). Use in conjunction with account 6175 – Cost of Scrip Inventory Sold.
- 1301 (00) Prepaid Insurance  
Amount which has been paid for the next fiscal year's insurance.
- 1320 (00) Prepaid Other  
Any amount which has been paid for the next fiscal year's bills.
- 1401 (00) Investments  
Value of stocks, bonds, or other investments of the parish that are being administered by the Archdiocese.
- 1410 (00) Endowment Fund Assets  
Amount of funds the parish school has invested in an Endowment Fund.
- 1412 (00) Educational Fund Assets  
Amount of funds the parish school has invested in an Educational Fund.
- 1414 (00) Cemetery Care Fund Assets  
Amount of funds the parish has invested in a Cemetery Care Fund.
- 1501 (00) Land  
Value of land owned by the parish, school or cemetery if you have the actual cost or a reliable estimate.
- 1505 (00) Buildings  
Value of the buildings owned by the parish, school or cemetery, using your 1987 insurance appraisal amounts.

- 1520 (00) Construction in Progress  
 Costs of new construction or major renovations. Once construction is complete, reclassify the total cost to a capital asset account (Buildings or Repairs and Renovations). For internal purposes, the following account may be used for school construction. For Archdiocesan reporting, include in Account 1520.  
 1521 Construction in Progress – School
- 1530 (00) Capital Purchase/Equipment  
 Cost of equipment owned and used by the parish which cost more than \$10,000. For internal use, the following accounts may be used. For Archdiocesan reporting include in Account 1530.  
 1531 Rectory  
 1532 Church  
 1533 School  
 1534 Convent  
 1535 Parish Center  
 1536 Gym  
 1537 Hall  
 1538 House  
 1539 Other
- 1550 (00) Repairs/Renovations  
 Costs of miscellaneous capital repairs or renovations. For internal use, the following account may be used. For Archdiocesan reporting, include into Account 1550.  
 1551 Repairs/Renovations -Rectory  
 1552 Repairs/Renovations Church  
 1553 Repairs/Renovations -School  
 1554 Repairs/Renovations -Convent  
 1555 Repairs/Renovations -Parish Center  
 1556 Repairs/Renovations -Gym  
 1557 Repairs/Renovations -Hall  
 1558 Repairs/Renovations -House  
 1559 Repairs/Renovations –Other
- 1580 (00) Accumulated Depreciation - Parish  
 Include here the total amount of depreciation taken on parish owned buildings and equipment. For internal use, the following accounts may be used. For Archdiocesan reporting, include into Account 1580.  
 1581 Accumulated Depreciation-Rectory  
 1582 Accumulated Depreciation-Church  
 1583 Accumulated Depreciation-School  
 1584 Accumulated Depreciation-Convent  
 1585 Accumulated Depreciation-Parish Center  
 1586 Accumulated Depreciation-Gym  
 1587 Accumulated Depreciation-Hall  
 1588 Accumulated Depreciation-House  
 1589 Accumulated Depreciation-Other
- 1650 (00) Other Assets  
 Include here the cost of assets that are not included elsewhere.

**LIABILITIES**

- 2101 (00) Accounts Payable – Parish  
Monies owed by the parish to others (usually creditors).
- 2105 (00) Accounts Payable – School  
Monies owed by the school to others (usually creditors).
- 2107 (00) Interest Payable – PRF/ARF Loan  
Amount of interest due on a PRF/ARF Loan.
- 2108 (00) Interest Payable – Other  
Amount of interest due on any other parish obligation.
- 2109 (00) Excise Tax Payable  
Any excise tax liability owed but not paid.
- 2125 (00) Assessment Payable  
Amount of the Archdiocesan Assessment owed but not paid.
- 2127 (00) **DO NOT USE** (formerly Bequest Assessment Payable)
- 2129 (00) Per Pupil Tax Payable  
Amount of the per pupil assessment owed but not paid.
- 2130 (00) Accounts Payable – All Other  
All other amounts owed by the parish and its organizations.
- 2140 (00) Salary Payable  
Amount owed to employees but not paid (e.g., teachers during July and August if contracts are based on a September-August year).
- 2151 (00) FICA Taxes Withheld  
Amount withheld (but not yet remitted to the US Treasury) from employees' gross payroll for FICA taxes. If the parish elects to split FICA, the following account may be used. For Archdiocesan reporting, include into Account 2151.  
2152 Employee Medicare Withheld
- 2155 (00) Federal Income Taxes (FIT) Withheld  
Amount withheld (but not yet remitted to the US Treasury) from employees' gross payroll for federal income taxes.

2160	(00)	<p><u>Other Payroll Withholding</u> All other amounts withheld from employees' gross payroll. For internal purposes, the following accounts may be used for these funds. For Archdiocesan reporting, these accounts should be consolidated into Account 2160.</p> <p>2161    <u>Tax Annuity Plan (TSA)</u> 2162    <u>Medical</u> 2163    <u>Pension – Archdiocesan</u> 2164    <u>Dental</u> 2165    <u>Credit Union</u> 2166    <u>Oregon Income Tax</u> 2167    <u>HSA Employee Contribution</u> 2168    <u>FSA Employee Contribution</u> 2169    <u>Info Armor</u></p>
2170	(00)	<p><u>PFMLA Employee Contribution</u></p>
2171	(00)	<p><u>Employer FICA Taxes Payable</u> Amount of employer's share for FICA taxes (prior to remitting to the US Treasury). If the parish elects to split FICA, the following account may be used. For Archdiocesan reporting, include in Account 2171.</p> <p>2172    <u>Employer Medicare Payable</u></p>
2173	(00)	<p><u>Unemployment Insurance</u></p>
2174	(00)	<p><u>Long Term Care Insurance</u> Amount withheld from employees' pay for LTC insurance.</p>
2181	(00)	<p><u>Benefits Payable</u> Amount of employer's contributions to all employee benefit plans. For internal purposes, the following accounts may be used for specific benefits. For Archdiocesan reporting, these amounts should be consolidated into Account 2181.</p> <p>2182    <u>Worker's Compensation Payable</u> 2183    <u>Lay Medical Plan Payable</u> 2185    <u>Lay Pension Payable</u> 2186    <u>Lay Dental Plan Payable</u> 2187    <u>Lay Disability Payable</u> 2188    <u>Lay Life Insurance Payable</u></p>
2189	(00)	<p><u>Other Payroll Liabilities</u> Amount owed by the parish for other payroll related liability (e.g. Accrued Vacation Pay).</p>
2190	(00)	<p><u>Other Payables</u> Amount of any unusual or non-recurring payables. For internal purposes, the following two accounts may be used. For Archdiocesan reporting, combine these into Account 2190.</p> <p>2191    <u>Other Payables-Parish</u> 2192    <u>Other Payables-School</u></p>
2201	(00)	<p><u>Damage Deposit</u> Amount of refundable deposit held for use of parish facilities.</p>

- 2205 (00) Unspent Pastor's Discretionary Fund  
Amount from the Pastor's Discretionary Fund which has been charged to operations but have not been spent.
- 2206 (00) Unspent Principal's Discretionary Fund  
Amount from the Principal's Discretionary Fund which has been charged to operations but have not been spent.
- Note: If the parish or school receives a donation for 2205 or 2206, record income (4405), expense (6120) and liability (2205 or 2206) at the time funds are received. Subsequent disbursements only reduce this liability account.
- 2210 (00) Parish Custodial Funds & Special Collections  
Amounts entrusted to the parish for the purpose of holding, receiving and disbursing such funds for another agency or institution. These assets are not the property of the parish but are held for others. For internal purposes, Accounts 2211 through 2225 may be used to accumulate individual Parish Custodial Funds (listing below is a suggestion only, the parish may title these accounts as needed). For Archdiocesan reporting, include into Account 2210.
- 2211 Parish Resettlement
  - 2212 Sister Parish
  - 2213 Miscellaneous Custodials
  - 2214 Miscellaneous Custodials
  - 2215 Boy/Girl Scouting Operations
  - 2221 Church/Council
  - 2222 Food Bank
  - 2223 Channel
  - 2224 Human Life
  - 2225 St. Vincent de Paul
- 2230 (00) Custodial Collections  
Amounts entrusted to the parish for Special Collections scheduled by the Archdiocese. These assets are not the property of the parish, but are held for others and should be remitted promptly to the appropriate agency. For internal purposes, Accounts 2231 through 2245 may be used to accumulate individual Custodial funds (listing below is a suggestion only; the parish may title these accounts as needed). For Archdiocesan reporting, they should be included in Account 2230.
- 2231 Mission Sunday
  - 2232 Rice Bowl
  - 2233 Guest Missionary
  - 2234 Bishop's Overseas Aid Appeal (CRS)
  - 2235 Emergency Relief
  - 2238 Other Mission
  - 2239 Other Mission
  - 2242 Peter's Pence
  - 2243 Campaign for Human Development
  - 2244 Catholic University
  - 2245 Catholic Communications
  - 2246 NOBC
  - 2247 National Shrine
  - 2248 Holy Land



		2249	Other Custodial Collection
		2250	Other Custodial Collection
		2251	Priest Pension Fund
2301	(00)		<u>Parish PRF/ARF Debt (Loan)</u> Principal amount owed on a PRF/ARF loan (Parish or Archdiocesan Revolving Fund).
2310	(00)		<u>Other Parish Debt (Loan)</u> Principal amount owed a bank or other financial institution
2320	(00)		<u>Other Parish Debt</u> Principal amount owed for any other long term debt.
2401	(00)		<u>Restricted Revenue #1</u> Current balance of any Restricted Donations. The balance in these accounts reflects the unused (unspent) portion of the donation
2402	(00)		<u>Restricted Revenue #2</u>
2403	(00)		<u>Restricted Revenue #3</u>
2404	(00)		<u>Restricted Revenue #4</u>
2405	(00)		<u>Restricted Revenue #5</u>
2451	(00)		<u>Unearned Tuition</u> The amount of tuition received in the current year for the upcoming school year.
2452	(00)		<u>Unearned Registration Fees</u> The amount of fees received in the current year for the upcoming school year.
2453	(00)		<u>Unearned Rent</u> Amount of rent payment collected in advance.
2454	(00)		<u>Other Unearned Income</u> Amount received for goods that have not been delivered or services that have not been rendered.
2460	(ALL)		<u>Other Liabilities</u> Any liabilities which cannot be placed in the above accounts.

**FUND BALANCES**

3101	(00)	<u>Fund Balance – Beginning of Period</u> Amount of the General Fund Balance at the beginning of the accounting period.
3103	(00)	<u>Fund Balance Change</u> Changes in the General Fund Balance during the year as a result of unusual and non-recurring events, including any change due to the addition of previously <u>unrecorded</u> assets and liabilities. <u>This account is closed each year end in the same manner as revenue and expense accounts.</u> NOTE: This account is not used in normal circumstances.
3109	(00)	<u>Year to Date Net Income/Loss</u> Excess of revenues over expenses to date. For purposes of preparing the Parish Annual Report, this represents the amount <b>prior</b> to closing your parish books.
3211	(00)	<u>Building Fund</u>
3212	(00)	<u>Capital Improvement Fund</u>
3213	(00)	<u>Debt Reduction Collection Fund</u>
3215	(00)	<u>Equipment Fund</u>
3216	(00)	<u>Program Fund</u>
3217	(00)	<u>Other Program Fund</u>
3218	(00)	<u>Grant/Government Fund</u>
3219	(00)	<u>Endowment Fund</u>
3220	(00)	<u>Milk-Government</u>
3221	(00)	<u>Hot Lunch – Government</u>
3222	(00)	<u>Saul Haas</u>

3231	(00)	<u>Educational Fund</u>
3232	(00)	<u>Cemetery Care Fund</u>
3240	(00)	<u>Tuition Aid Fund</u>
3255	(00)	<u>Other Fund Balance #1</u> Current balance of any Designated Fund Balance accounts. These are <u>not</u> restricted funds. (See Section IV: Designated Funds.)
3256	(00)	<u>Other Fund Balance #2</u>
3257	(00)	<u>Other Fund Balance #3</u>
3258	(00)	<u>Other Fund Balance #4</u>
3259	(00)	<u>Other Fund Balance #5</u>
3999	(00)	<u>ARCHDIOCESAN ADJUSTMENTS</u> <b><u>DO NOT USE THIS ACCOUNT UNLESS INSTRUCTED TO DO SO.</u></b> This account is used only by the Chancery to make corrections in case of an error in the Annual Report.

**REVENUES****41XX – COLLECTION REVENUES**

- 4101 (10) Contributions  
Amount received from identifiable individuals and organizations that are for general use of the parish. This includes amounts received during mass and at the parish office, as well as collections made through online giving or other electronic means.
- 4102 (10) Mass Loose  
Amount received in the mass collection without donor identification other than Holy Day loose (4104).
- 4103 (10) Holy Day Collections  
Amount received in Holy Day envelopes.
- 4104 (10) Holy Day Loose  
Amount received in Holy Day collections without donor identification.
- 4105 (10) Children's Collection  
Amount received from children's or youth's envelopes.
- 4106 (10) Other Contributions  
All other giving to the parish for the general unrestricted use of the parish other than giving coded elsewhere. For internal reporting, the following accounts may be used. For Archdiocesan reporting, include in account 4106.
- 4107 Other Contributions #1
- 4108 Other Contributions #2
- 4109 Other Contributions #3
- 4120 (10) Building Fund Drive Revenue  
Amount raised and used to fund new buildings. The unspent portion must be maintained as Restricted Revenue (24xx).
- 4121 (10) Capital Improvement Fund Drive Collections  
Amount raised and used to fund major renovations or improvements to an existing building, purchase new equipment or make major repairs to capital equipment. The unspent portion must be maintained as Restricted Revenue (24xx).
- For internal purposes, the following account may be used in addition to Account 4121. For Archdiocesan reporting, this account should be included in Account 4121.
- 4122 Equipment Fund Drive Collections

---

4140	(70,80)	<u>Educational Support</u> Amount received specifically for the support of the parish School or Religious Education program.
4150	(10)	<u>DO NOT USE</u> (formerly Guaranteed Annual Appeal Goal)
4160	(10)	<u>Annual Appeal Refund</u> Amount returned to the parish from the Annual Catholic Appeal Campaign. This must be recorded as revenue when received.
4165	(10)	<u>Archdiocesan Capital Campaign Rebate</u> Amount received by the parish as rebate for funds raised for the Archdiocesan "Called to Serve As Christ" campaign to fund priest pension and health plans and support women religious. The amount of rebate is 15% of total funds raised.
4170	(10)	<u>Debt Reduction Envelope</u> Amounts specifically collected for use in reducing the parish debt. Note: The parish may end up paying additional amounts on the Archdiocesan Assessment if the total amount collected from parishioners is not remitted as a loan payment.
4199	(10)	<u>Other Collection Income</u> Any collection revenue not included above. Please call the Assistant Director of Parish Financial Services at (206) 382-4573 prior to using this account.

**42XX – EDUCATIONAL RECEIPTS**

4201	(10,70,80)	<u>Tuition</u> Amount received for tuition for the current year.
4202	(70,80)	<u>Tuition Due from Prior Years</u> Amount received for past due tuition from prior years.
4203	(70,80)	<u>Tutoring Tuition</u> Amount received for special classes or tutoring.
4204	(70,80)	<u>Tuition Discount</u> This is a contra-revenue account.
4205	(80)	<u>Financial Aid – Parish</u> Amount donated by parishioners or the parish to provide tuition aid and <u>used</u> for this purpose. The Financial Aid Fund should be maintained as a Restricted Revenue (24xx) for the unused portion.
4206	(80)	<u>Financial Aid – Archdiocese</u> Amount donated by the Archdiocese to provide tuition assistance and <u>used</u> for this purpose. The Financial Aid Fund should be maintained as a Restricted Revenue (24xx) for the unspent portion.
4207	(70,80)	<u>Scholarships</u> Amount donated by the parish for scholarships and <u>used</u> for this purpose. The Scholarship Fund should be maintained as a Restricted Revenue (24xx).
4210	(10,70,80)	<u>Educational Fees</u> Amount received for activities not covered by tuition. For internal reporting, the following accounts may be used. For Archdiocesan reporting, include in Account 4210. 4211 Registration Fees 4212 Graduation Fees 4213 Book Fees 4214 Sacramental Preparation Fees 4215 Transportation Fees 4217 Special Activity Fees
4219	(10,70,80)	<u>Damaged/Lost Books</u> Amount received from students for damages or additional books.

4225	(70,80)	<p><u>Parish Support</u> Amount of cash received from the sponsoring parish. Also includes the amount of direct expenses of the school that are paid for by the parish and any appropriately allocated indirect expenses provided by the parish to the school.</p>
4227	(80)	<p><u>Archdiocesan Support</u> Amount of direct Archdiocesan support of the parish school. This should be recorded directly to the School's accounting records.</p>
4230	(80,95)	<p><u>Neighboring Parish Support</u> Amounts received from other parishes to subsidize students attending host parish school. This amount should be recorded directly to the school's accounting records. For internal purposes, if multiple subsidies are received, the following accounts may be used. For Archdiocesan reporting, combine into Account 4230. 4231 Neighboring Parish Support #2 4232 Neighboring Parish Support #3 4233 Neighboring Parish Support #4</p>
4250	(10,70,80)	<p><u>Parents Club Donation</u> Amount received from the Parents Club. This donation should be recorded directly to the Parish School's or the Religious Education program's accounting records.</p>
4251	(10,70,80)	<p><u>Other Club &amp; Guild Support</u> Amount received from a parish club or group. For School or Religious Education purposes, this donation should be recorded directly to the appropriate program accounting records. For internal purposes, this account may be split into the following accounts. For Archdiocesan reporting, consolidate into Account 4251. 4252 Other Club &amp; Guild Support #2 4253 Men's Club 4254 Women's Club 4255 Booster Club</p>
4270	(80)	<p><u>Food Service</u> Amount received from food service programs. The following accounts may be used internally. For Archdiocesan reporting, combine into Account 4270. 4271 Cafeteria 4272 Milk 4273 Hot Lunch</p>
4280	(10,70,80)	<p><u>Catering</u> Amount received for catering services.</p>
4299	(10,70,80)	<p><u>Other Educational Revenue</u> Amount of any other educational revenues which cannot readily be placed into one of the above account items.</p>

**43XX – FUNDRAISERS**

- 4310 (10,70,80) Fund Raising Projects  
Gross amount received from fundraising efforts. The amount that is used to fund ongoing parish activities, reduced by fundraising expenses (Account 6180), must be reported in the Parish Annual Report that is submitted to the Archdiocese.
- For internal purposes the following accounts may be used to specify various fund raising projects. For Archdiocesan reporting, consolidate these accounts into Account 4310.
- 4311 Bazaar
  - 4312 Festival
  - 4313 Rummage Sale
  - 4314 Auction
  - 4315 Recycling Project
  - 4316 Parish Socials
  - 4317 Dances
  - 4318 Dinners
  - 4319 Other Fund Raising Revenue #1
  - 4320 Other Fund Raising Revenue #2
  - 4321 Other Fund Raising Revenue #3
  - 4322 Other Fund Raising Revenue #4
- 4330 (10,70,80) Guild/Society/Circle Revenues #1  
Amount raised by a parish group (altar society, etc.) for parish/other use. For internal purposes, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 4330.
- 4331 Guild/Society/Circle Revenues #2
  - 4332 Guild/Society/Circle Revenues #3
  - 4333 Guild/Society/Circle Revenues #4
  - 4334 Guild/Society/Circle Revenues #5
- 4340 (10,70,80) Bingo, Raffles and Reno Night  
Net amount raised from Bingo, Raffles and Reno Night Fund Raisers. Note: The parish must comply with State Gambling Commission and other legal requirements for this type of activity. For internal purposes, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 4340.
- 4341 Bingo
  - 4342 Raffles
  - 4343 Reno Night
- 4350 (80) Scrip Sales  
Gross amount of SCRIP sales.



**44XX – GIFTS**

- 4401 (80) Donations  
Amount received from individuals or organizations for the school's general use. Donations received for the parish's general use must be recorded under 4101.
- 4402 (10) Bequests  
Amount left to the parish in a "will" for general parish use and any distributions from trusts. For internal purposes, the following accounts may be used for additional bequests. For Archdiocesan reporting, consolidate into Account 4402.  
4403 Bequest #2  
4404 Bequest #3
- 4405 (ALL) Restricted Donations  
Amount donated and used for a specific purpose. The unspent portion should be maintained as a Restricted Revenue (24xx). Amounts collected to fund ongoing parish operations must be reported under 4101. Building fund drive revenue must be reported under 4120 and capital improvement fund drive revenue must be reported under 4121.
- 4407 (ALL) Restricted Bequests  
Amount left in a "will" donated and used for a specific purpose. The unspent portion should be maintained as a Restricted Revenue.
- 4409 (ALL) Grant Revenue  
Amount received from an archdiocesan agency or other institution.
- 4410 (10,95) Stole Fees  
Amount received for Baptisms, Weddings Funerals and other sacraments and religious rites. Mass stipends do not include payments for the use of the church/facility or for preparation for the sacrament. See account 4530 or 4214.
- 4415 (10,95) Mass Intentions  
Amount received from All Souls Day, Mother's Day and Father's Day collections and other mass intentions for which the priests of the parish obligate themselves to offer mass(es) for the donor's intentions.
- Note:** Funds given to the parish for mass intentions or mass stipends (account 4410 and 4415) are deductible for the donor as a charitable contribution as long as they go to the parish and not to the priest and should be coded as such in the PDS donor database.
- 4417 (10,95) Memorials  
Amount received for memorials in remembrance of someone who has died.

4420	(10,95)	<u>Devotion Offerings</u> Amount received from a special devotion.
4425	(10,95)	<u>Votive and Flowers</u> Amount received from votive candles or collected for flowers. For internal purposes, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 4425. 4426 Votive 4427 Flowers
4430	(10, 80)	<u>Donations from Auxiliary Groups</u> Donations received from parish-sponsored organizations (see policy on Section A.XVIII.9).
4450	(ALL)	<u>Donated Assets</u> Estimated value or cost, if available, of assets donated to the parish. For internal purposes, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 4450. 4451 Donated Assets-Land/Buildings 4452 Donated Assets-Equipment 4453 Donated Expenditures – Supplies 4454 Donated Assets – Other
4458	(ALL)	<u>Donated Assets – Endowment/Educational Fund</u> Value of Endowment or Educational Fund assets donated to the parish.
4470	(ALL)	<u>Other Gift Revenue</u> Amount of any other gift revenues which cannot readily be placed into one of the above account items.

**45XX – BUSINESS REVENUE**

4501	(ALL)	<u>Interest Income – PRF</u> Interest income received on parish PRF accounts.
4503	(ALL)	<u>Interest Income – ARF</u> Interest income received on parish ARF accounts.
4507	(ALL)	<u>Interest Income – Checking</u> Interest income received on checking accounts or other approved sources.
4510	(ALL)	<u>Endowment Fund Income</u> Income received (withdrawn) from an Endowment Fund.
4511	(80)	<u>Educational Fund Income</u> Income received (withdrawn) from a School Educational Fund.
4512	(ALL)	<u>Reinvested Endowment Fund Earnings</u> Revenue earned and reinvested into an Endowment, Educational, or Cemetery Care Fund.
4513	(95)	<u>Cemetery Care Fund Income</u> Income received (withdrawn) from a parish Cemetery Care Fund
4520	(10)	<u>Bulletin Income</u> Amount received from bulletin advertisers.
4522	(ALL)	<u>Coffee Hour</u> Amount received from coffee hours.
4524	(ALL)	<u>Books, Pamphlets, Papers and Religious Articles</u> Amount received from the sale of books, pamphlets, Catholic papers and religious articles. For internal purposes, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 4524. 4525 Pamphlets 4526 Newspapers 4527 Religious Articles
4529	(10)	<u>Audio Visual Revenues</u> Amount received from audio visual services.

4530	(10)	<p><u>Rental Income - Parish</u>  Amount received for rental of parish facilities. For internal purposes, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 4530.</p> <p>4531 Rental Income #2  4532 Rental Income #3  4533 Rental Income #4  4534 Rental Income #5</p>
4535	(80)	<p><u>Rental Income – School</u>  Amount received for rental of school facilities. For internal purposes, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 4535.</p> <p>4536 <u>Rental Income – School #2</u></p>
4538	(10,80,95)	<p><u>Lease Income</u>  Amount received for temporary lease of property. (Note: The terms of any lease must be consistent with Archdiocesan policy and should be covered by a contractual agreement between the parish as lessor and the lessee.)</p>
4550	(ALL)	<p><u>Gain on Asset Sale</u>  Amount of gain on an asset disposition.</p>
4570	(95)	<p><u>Sale of Graves</u></p>
4571	(95)	<p><u>Annual Care</u></p>
4572	(95)	<p><u>Perpetual Care</u>  Amount received for these items by the parish cemetery.</p>
4573	(ALL)	<p><u>Insurance Claims Proceeds</u>  Amount received from insurance claims.</p>
4579	(ALL)	<p><u>Other Business Revenue</u>  Amount of any other business revenues which cannot readily be placed into one of the above account items.</p>

**46XX – PROGRAM REVENUES**

- 4601 (ALL) Program Revenue  
 Amount of revenue from other parish programs. For internal reporting, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 4601.  
 4602 Program Revenue #2  
 4603 Program Revenue #3  
 4604 Program Revenue #4

**47XX – OTHER REVENUES**

- 4701 (10,70,80) Special Activity Fees  
 Amount received from participants in parish sponsored programs. For internal purposes, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 4701.  
 4702 Retreat Fees  
 4703 Workshop Fees  
 4704 Transportation Fees  
 4705 CYO Fees
- 4720 (10,80) Pastoral Services  
 Amount received from a parish's mission/station or other organization for pastoral services. For internal purposes, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 4720.  
 4721 Pastoral Services #2  
 4722 Pastoral Services #3  
 4723 Pastoral Services #4
- 4730 (80) Per Pupil Tax Fee  
 Amount received from the charging of fees to cover a per pupil tax or assessment.
- 4735 (10,70,80) Deanery Contribution/Assessment Income  
 Amount received from Contributions or Assessments from parishes in the deanery to support deanery programs.
- 4737 (10,70,80) Regional Contribution/Assessment Income  
 Amount received from Contribution or Assessments from parishes in the region to support regional programs.
- 4750 (ALL) Miscellaneous Revenue  
 Amount of any other revenues which cannot readily be placed into one of the above account items.
- 4760 (10, 80) Paycheck Protection Program (PPP) Loan Forgiven  
 Amount of PPP loan forgiven. Unforgiven amount must remain as a liability (account 2310 or other debt liability account number 23xx) until it is paid off.

**EXPENDITURES****51XX – SALARIES**

- 5101 (ALL) Clergy Salaries  
Amount of gross salaries for all regular parish clergy.
- 5102 (ALL) Substitute/Extra Clergy  
Amount of gross salaries for clergy who help the parish on a temporary basis.
- 5103 (ALL) Subsidized Clergy  
Amount of gross salaries for clergy the parish may be subsidizing for some special ministry, such as working with a minority group.
- 5105 (ALL) Deacon Salaries  
Amount of gross salaries paid to deacons working for the parish.
- 5110 (ALL) Religious Salaries  
Amount of gross salaries of all “sisters” or “brothers.” For internal purposes, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 5110.  
5115 Principal- Religious  
5116 Teachers – Religious
- 5120 (ALL) Lay Salaries  
Amount of gross salaries of lay employees. For internal purposes, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 5120.  
5121 Bookkeeper  
5122 Bus Drivers  
5123 Business Manager/Administrator  
5124 Cantor  
5125 Custodians  
5126 Directors/Coordinators  
5127 Grounds  
5130 Housekeeper  
5132 Librarians  
5134 Musicians  
5136 Playground Supervisors  
5138 Principal  
5140 Secretarial/Administrative  
5142 Teacher  
5150 Substitutes
- 5152 (ALL) Part Time  
Amount of gross salary for part time workers.

- 5153 (ALL) Casual Help  
Amount paid to those who work occasionally.
- 5155 (ALL) Stipends  
Amount paid to musicians, helpers, etc., as stipends.
- 5160 (ALL) Other Employees  
Amount of gross salary for any employees not included in the above accounts. For internal reporting, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 5160.  
5161 Other Employees #2  
5162 Other Employees #3
- 5170 (10,70,80) Gifts/Bonuses  
Amount of gifts or bonuses. Bonuses paid to an employee are taxable, and the parish must comply with regulations regarding withholding and Social Security taxes.

**52XX – BENEFITS**

- 5201 (ALL) FICA/Social Security  
Employer’s contribution for employer’s Social Security/FICA. If the parish wishes to detail the Medicare costs, use the following account. For Archdiocesan reporting, consolidate into Account 5201.  
5202 FICA/Medicare
  
- 5207 (ALL) Unemployment Insurance  
Employer’s contribution for unemployment insurance.
  
- 5208 (ALL) Worker’s Compensation  
Employer’s contribution for the Archdiocesan worker’s compensation plan.
  
- 5209 (ALL) PFMLA Benefit
  
- 5210 (ALL) Other Benefits  
Employer’s cost for all other benefits. If the parish wishes to maintain more detailed records for internal purposes, the following accounts may be used. For Archdiocesan reporting, include in Accounts 5210 through 5212.  
5220 Medical Insurance – Clergy  
5221 Medical Insurance – Religious  
5222 Medical Insurance – Lay  
5223 Pension – Clergy  
5224 Pension – Religious  
5225 Pension – Lay  
5230 Dental Insurance  
5232 Life Insurance Benefits  
5234 Disability Insurance  
5235 DO NOT USE (formerly Benefits Administrative Fee – see 5922)  
5236 TSA/TDA  
5237 Priest Education Fund  
5239 Other Benefits  
5241 HSA Employer Contribution  
5242 FSA Employer Contribution
  
- 5245 (ALL) Housing Allowance  
Amount of a housing allowance.
  
- 5247 (ALL) Vehicle Allowance  
Amount of vehicle allowance paid without mileage documentation.
  
- 5248 (ALL) Food Allowance  
Amount paid to priests for food or the amount spent by the parish for rectory food.
  
- 5249 10 Priest Tax Equity Payment  
Amount reimbursed to priests for taxes paid.
  
- 5270 (ALL) Salary Allocations  
Amount of Salaries & Benefits either paid for or by another entity (School for example). See Section D: Payroll for sample journal entries.



**55XX – SUPPLIES**

- 5501 (ALL) Operating Supplies  
Cost of supplies/equipment necessary to conduct a program or an activity or for the general operations of the parish.
- 5502 (ALL) Office Supplies  
Cost of all items which are used for office work. For internal reporting, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 5502.
- 5503 Paper
  - 5504 Stationery
  - 5505 Copying
  - 5506 Printing
  - 5507 Church Envelopes
  - 5508 Mass Cards
  - 5509 Postage
  - 5510 Bulk Mailing Permit
  - 5515 Data Processing Supplies
  - 5516 Other Office Supplies
  - 5517 Other Office Supplies
  - 5518 Other Office Supplies
  - 5519 Other Office Supplies
- 5520 (ALL) Sacristy Supplies  
Cost of all sacristy supplies. For internal reporting, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 5520.
- 5521 Missalettes
  - 5522 Music
  - 5523 Altar Hosts
  - 5524 Altar Wine
  - 5525 Candles/Incense
  - 5526 Flowers/Palms
  - 5527 Banners
  - 5528 Linens
  - 5529 Vestments
  - 5530 Vessels
  - 5531 Altar/Sanctuary Appointments
- 5540 (ALL) Food  
All parish food purchases other than rectory food or amount paid to priests as a benefit (see 5248).
- 5541 DO NOT USE (formerly Food-Outside)
  - 5542 DO NOT USE (formerly Rectory Food)
- 5545 (ALL) Coffee Hour  
Cost of coffee hours.

- 5550 (10,70,80) Food Service  
 Cost of food services. For internal reporting, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 5550.  
 5551 Cafeteria  
 5552 Milk  
 5553 Hot Lunches
- 5560 (10,70,80) Housekeeping Supplies  
 Cost of rectory housekeeping supplies.
- 5565 (ALL) Administrative Supplies  
 Cost of administrative supplies (e.g., pupil, parishioner records).
- 5570 (10,70,80) Instructional Supplies  
 Cost of instructional supplies. For internal reporting, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 5570.  
 5571 Art Supplies  
 5572 Athletic Supplies/Uniforms  
 5573 Audio Visual Supplies  
 5574 Graduation Supplies  
 5575 Health Supplies  
 5576 Reading Supplies  
 5577 Religion Supplies  
 5578 Science Supplies  
 5579 Social Studies Supplies  
 5580 Text Books
- 5585 (10,70,80) Library/Resource Center Books/Supplies  
 Include here cost of library/resource center books, AV materials/equipment and supplies. For internal reporting, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 5585.  
 5586 Library/Resource Center Books  
 5587 Library/Resource Center Supplies
- 5589 (ALL) Publications  
 Cost of all subscription fees, including newspapers.
- 5592 (70,80) Testing  
 Cost of testing.

- 5595 (ALL) Maintenance Supplies  
Cost of supplies used for the general maintenance and upkeep of parish facilities, etc.
- 5599 (ALL) Other Supplies  
Cost of supplies not included in one of the above accounts.

**57XX – PROGRAM EXPENSES & SUBSIDIES**

- 5701 (10,70,80) Sacramental Preparation  
 Cost of conducting sacramental programs. For internal reporting, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 5701.  
 5702 Baptismal Preparation  
 5703 Penance Preparation  
 5704 Communion Preparation  
 5705 Confirmation Preparation  
 5706 Marriage Preparation
- 5726 (10,70,80) Family Education
- 5727 (10,70,80) Adult Education
- 5728 (10,70,80) Catechumenate
- 5729 (10,70,80) Youth Ministry
- 5740 (ALL) Retreats  
 Cost for retreats for parish clergy or laity.
- 5741 (ALL) Workshops and Conferences  
 Cost of workshops for continuing education, in-service sessions or consultation. Also includes costs of attending conferences.
- 5760 (ALL) Other Pastoral Programs  
 Costs of other pastoral programs which do not fit elsewhere (e.g., ministry training, mission trips). For internal reporting, Accounts 5761-5769 may be used for specific programs. For Archdiocesan reporting, consolidate into Account 5760.
- 5770 (ALL) Honoraria  
 One time stipends paid to guest speaker for workshops, etc.
- 5780 (10) School Direct Support  
 Amount of cash transferred to the parish school. Also includes the amount of direct expenses of the school that are paid for by the parish (e.g. bills paid by the parish on behalf of the school).

- 5781 (10) Neighboring School Support  
Amount of cash paid to another parish to subsidize students attending that parish's school.
- 5782 (10) School Indirect Support Allocation  
Amount of non-cash support given by the parish to the school (e.g., percentage of parish staff salaries allocated to the school, school share of common area maintenance paid by the parish). To use this account, Debit 5782 and Credit the expense accounts (e.g. 5120.10 – Lay Salaries) from which the allocations are made.
- 5783 (10) Donation to School (From Parent's Club)  
If the Parent's Club books are maintained by the parish, this account should be included in the club books. The offsetting Revenue should be included on the School books (4250).
- 5785 (10) Religious Education Support  
Support provided to the Religious Education program.
- 5787 (10) Cemetery Support  
Support provided to a parish cemetery.
- 5788 (10) Channel Payments  
Payment to the Channel Program.
- 5790 (10) Other Program Support  
Support provided to other program(s).
- 5791 (10) Other Program Support  
Support provided to other program(s).
- 5792 (10) Other Program Support  
Support provided to other program(s).
- 5793 (10) Other Program Expenses  
Other program expenses which cannot be readily placed in one of the above accounts.

**58XX – OPERATIONS AND MAINTENANCE**

- 5801 (ALL) Repairs and Maintenance  
 Cost of maintaining all parish property (buildings and grounds) and the cost of repairs of equipment of facilities. For internal reporting, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 5801.  
 5802 Buildings Maintenance  
 5804 Grounds Maintenance  
 5805 Repairs – Equipment
- 5830 (ALL) Small Equipment – Parish  
 Cost of purchasing any small equipment. For internal reporting, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 5830.  
 5831 Small Equipment-Parish  
 5832 Small Equipment-Church  
 5833 Small Equipment-Rectory  
 5834 Small Equipment-Office  
 5835 Small Equipment-Other  
 5836 Small Equipment-Other  
 5837 Small Equipment-School  
 5838 Small Equipment-Religious Education  
 5839 Small Equipment-Cemetery
- 5851 (ALL) Other Repairs and Maintenance  
 Cost of any other repairs and maintenance expenses not included in the above accounts. For internal reporting, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 5851.  
 5852 Other Repairs and Maintenance #2  
 5853 Other Repairs and Maintenance #3  
 5854 Other Repairs and Maintenance #4
- 5860 (ALL) Maintenance Contracts  
 Cost of preventative maintenance contracts.

**59XX – CONTRACTED SERVICES**

- 5901 (ALL) Rentals  
Cost of rentals for any items/facilities.
- 5905 (ALL) Equipment Lease  
Cost of lease payments on equipment. Do not include the lease payments, however, if the payments are part of a lease-purchase agreement.
- 5906 (ALL) Property Lease  
Include here the cost of lease payments on land or property. Do not include the lease payments, however, if the payments are part of a lease-purchase agreement. (Note: The terms of any lease must be consistent with Archdiocesan Policy. Contact the Property Manager for more information.)
- 5910 (ALL) Professional and Technical Services  
Cost of professional and technical services. For internal reporting, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 5910.
- 5911 Accounting
  - 5912 Architectural
  - 5913 Building Contractor
  - 5914 Legal
  - 5915 Security
  - 5916 Fund Raising
  - 5918 Cleaning/Laundry
  - 5919 Catering Services
  - 5920 Data Processing Services
  - 5921 Payroll Service Fee
  - 5922 Benefits Administrative Fee
  - 5923 HSA/FSA Administrative Fee
- 5940 (ALL) Insurance – CCAS Billing
- 5941 (ALL) Insurance – Other  
Cost of insurance. For internal reporting, the following accounts may be used. For Archdiocesan reporting, consolidate into Accounts 5940 and 5941.
- 5942 Insurance
  - 5943 Liability Insurance
  - 5945 Auto Insurance
  - 5946 Property Insurance
- 5950 (ALL) Pastoral Services  
Payment to mother parish for pastoral services.

- 5960 (ALL) Special Activity Fees  
Fees paid for the parish to participate in some activity (e.g., renting a place at the park for a parish picnic, security, legal, etc.).
- 5961 (10,80) CYO Fees  
Cost of participating in CYO activities.
- 5962 (10) Copyright Fees  
Cost of obtaining copyrights.
- 5970 (ALL) Other Contracted Services  
Any other contracted service expenses which you cannot readily place into one of the above account items. For internal reporting, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 5970.  
5971 Other Contracted Services  
5972 Other Contracted Services  
5973 Other Contracted Services



**61XX – BUSINESS**

- 6101 (ALL) Bank Charges and Merchant Fees  
Charges for bank services and money charged by a merchant service for processing credit card transactions.
- 6105 (ALL) Interest Expense – PRF/ARF  
Amounts paid or accrued as interest charges on a PRF/ARF loan.
- 6106 (ALL) Interest Expense – Other  
Amounts paid or accrued as interest charges on other parish debt.
- 6107 (ALL) Taxes  
Taxes paid by the parish.
- 6109 (ALL) Permits/Licenses  
Cost of permits and licenses (e.g., boiler permits, etc.).
- 6120 (ALL) Pastor's/Principal's Discretionary Fund  
Cost of contingency/discretionary expenses.
- 6125 (ALL) Meeting Expenses  
Costs of conducting business meetings (includes meals, rental of venue and other incidental expenses).
- 6130 (ALL) Committee Expenses  
Costs of the various parish committees. For internal reporting, the following accounts may be used. For Archdiocesan reporting, combine into Account 6130.  
6131 Parish Council  
6132 Education Committee  
6133 Liturgy and Worship Committee  
6134 Parish Life Committee  
6135 Youth Committee  
6136 Finance Committee  
6137 Facilities Committee  
6138 Communications Committee  
6139 Social Action Committee  
6140 Ecumenical
- 6145 (ALL) Staff Training and Development  
Includes cost of tuition, registration fees, and course materials.
- 6150 (10) Guild/Society/Circle Expenses  
Costs incurred by a guild/society/circle, if the organizations books are maintained on the parish books. For internal reporting, 6151 & 6152 may be used. For Archdiocesan reporting, consolidate into Account 6150.

		6151	Guild/Society/Circle Expenses #2
		6152	Guild/Society/Circle Expenses #3
		6153	Guild/Society/Circle Expenses #4
		6154	Guild/Society/Circle Expenses #5
6160	(ALL)		<u>Parish Bulletin Costs</u> Costs associated with Church Bulletin.
6161	(ALL)		<u>Brochure Costs</u> Costs associated with brochures.
6162	(ALL)		<u>Advertising</u> Costs of advertising including advertising or ministry through the media (print, radio/TV, social media, internet).
6163	(ALL)		<u>Parish Newspaper Costs</u> Costs associated with Parish/School Newsletter.
6164	(ALL)		<u>Religious Articles</u> Costs of religious articles (e.g., statues, etc.).
6165	(10)		<u>Mass Stipends</u> Mass stipends sent to others.
6167	(ALL)		<u>Professional Dues/Fees</u> Dues and fees paid to organizations for the benefit of employees and staff.
6168	(95)		<u>Interments</u> Costs of interments in parish operated cemeteries.
6169	(10, 95)		<u>Funeral Receptions</u> Costs incurred for funeral receptions.
6170	(10,70,80)		<u>Donations to Others</u> Donations from the parish to individuals or other organizations. For purposes of the Annual Report, only donations that are funded from Ordinary Income and not from special or other collections are reported as donations to others.
6171	(10)		<u>Parish Stewardship Donations</u> Donations made in accordance with the Parish's Stewardship plan. For more detailed reporting, the following accounts may be used.
		6172	Parish Stewardship Donations #2
		6173	Parish Stewardship Donations #3

- 6175 (80) Cost of Scrip Inventory Sold  
Cost (normally recorded at purchase price) of Scrip inventory sold.
- 6180 (ALL) Fundraising Expense  
Costs of fund raising projects. For internal reporting, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 6180.  
6181 Auctions  
6182 Bazaars  
6183 Rummage Sales  
6184 Dances  
6185 Dinners
- 6186 (10,70,80) Bingo, Raffle, Reno Night Expense  
Cost of these activities. For internal reporting, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 6186.  
6187 Bingo Expense  
6188 Raffle Expense  
6189 Reno Night Expenses
- 6190 (ALL) Loss on Asset Disposition  
Loss incurred on the sale/disposition of an asset.
- 6191 (ALL) Loss on Property Damage  
Loss incurred on property due to natural disasters or other events.
- 6195 (10) Donations to Parish (by Other Parish Groups)  
Donations to the parish by parish guilds, groups and societies. This account is maintained on the organization's books. The offsetting Revenue should be recorded on the parish books (Account 4430).
- 6199 (ALL) Other Business  
A business expense which cannot be readily placed in one of the above accounts.

**62XX – DEPRECIATION AND BAD DEBT EXPENSE**

6201 (ALL) Depreciation Expense  
 Depreciation expense for the current year. For internal reporting, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 6201.  
 6202 Depreciation Expense-Buildings  
 6203 Depreciation Expense-Equipment  
 6204 Depreciation Expense-Renovations

6220 (ALL) Bad Debt Expense  
 When using the allowance method, this is the amount required to bring up the allowance for bad debt (account 1265) to its desired level. When using the direct write-off method, this is the amount of receivables that are determined to be uncollectable and written off the books.

**63XX - UTILITIES**

6301 (All) Utilities  
 Cost of utilities. For internal reporting, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 6301.  
 6302 Electrical  
 6303 Fuel/Heat  
 6305 Water/Sewer  
 6309 Garbage  
 6310 Dump Charges  
 6311 Answering Service  
 6312 Telephone  
 6313 Cable TV  
 6315 Internet and Web Services  
 6350 Other Utilities

**64XX - TRAVEL**

- 6401 (All) Travel and Vehicle Expense  
Costs for maintaining a vehicle. For internal reporting, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 6401  
6402 Vehicle Insurance  
6403 Gas and Oil  
6404 Vehicle Maintenance  
6405 Vehicle Licenses
- 6410 (All) Mileage Reimbursement  
Cost of mileage reimbursement under an accountable plan.
- 6415 (All) Vehicle Rentals/Leasing  
Cost of renting or leasing vehicles.
- 6430 (All) Board and Room  
Cost of board and room while traveling.
- 6450 (All) Other Travel  
Other travel expenses which cannot be readily be placed into one of the above.

**65XX – APPRECIATION/THANK YOU**

- 6501 (ALL) Socials & Celebrations  
Cost of parish social events. For internal reporting, the following accounts may be used. For Archdiocesan reporting, consolidate into Account 6501.  
6502 Socials  
6503 Dance  
6504 Parish Celebration
- 6510 (All) Hospitality  
Cost of parish hospitality program.
- 6520 (All) Awards  
Costs of purchasing awards, trophies, etc.
- 6530 (All) Scholarships  
Cost of scholarships.
- 6531 (10,70,80) Camperships  
Cost of CYO Camperships.
- 6550 (All) Other Appreciation  
Any other appreciation expenses not readily placed in one of the above.

**66XX – ASSESSMENTS / CONTRIBUTIONS**

6601	(10)	<u>Parish Assessment</u> Cost of Parish Assessment
6602	(10)	<u>Prior Year Parish Assessment</u> Cost of the Parish Assessment.
6603	(80)	<u>Per Pupil Tax</u> Cost of meeting per pupil educational assessment.
6604	(80)	<u>WSCC Educational Tax</u> Cost of WSCC (Washington State Catholic Conference) educational tax.
6605	(80)	<u>NCEA DUES</u> Cost of paying NCEA (National Catholic Education Association) dues.
6606	(80)	<u>WFIS Dues</u> Cost of paying WFIS (Washington Federation of Independent Schools) dues.
6620	(10)	<u>PROGRESS Circulation Billing</u> Cost of billing for Progress circulation.
6622	(10)	<u>Parish Stewardship</u> Costs of participating in Parish Stewardship program
6623	(10)	<b><u>DO NOT USE</u></b> (formerly Home Mission Stewardship Assessment)
6624	(10)	<u>Sick and Infirm Priests Billing</u> Cost of annual billing for support of sick and infirm priests.
6626	(10)	<u>Special Billing #1</u>
6627	(10)	<u>Special Billing #2</u>
6628	(10)	<u>Special Billing #3</u>
6650	(10)	<u>Appeal Goal</u>
6660	(10,70,80)	Deanery Contributions/Assessments Cost of contributions or assessments to support regional programs.
6671	(All)	Regional Projects Costs of meeting obligations to regional programs.
6680	(10)	<b><u>DO NOT USE</u></b> (formerly Accrued Bequest Assessment)
6690	(All)	<b><u>Other Assessment</u></b> Any assessments not readily placed in one of the above accounts.

**MAIN PROGRAMS**

Program #	Program Name
00	Balance Sheet
10	Parish
70	Religious Education
80	Parish School
95	Cemetery

Program 10 is the primary program for programs 11 through 69. That is, if a parish does not use programs 11 through 69, all parish activity (except school, religious education and cemetery) can be recorded under program 10. Similarly, programs 70 and 80 are the primary program numbers for Religious Education and Parish School. All subprograms are consolidated into these main programs for the Annual Report.

The parish can either use the main program number or use several of the subprogram numbers. The subprogram numbers shown are examples. Other than Programs 00, 10, 70, 80 and 95, a parish can use program numbers to suit its individual needs.

**PROGRAMS**

00's	Balance Sheet Miscellaneous Programs
01	Building Program
02	Capital Improvement Program
03	Equipment Program
04	Grant/Government Program
05	Endowment Program
06	Milk – Government Program
07	Saul Haas Program
08	Tuition Aid Program
09	Restricted Funds Program

Note: These programs will be consolidated into the appropriate Balance Sheet account for the Annual Report. For further information, please contact the Director of Parish Financial Services at 206-382-4585.

10's	General Parish
11	Administration
14	Other Parish Program
15	Special Project/Event Program

20's	Pastoral Programs
21	Youth
22	Single
23	Family
24	Seniors
25	Sick/Hospital
26	Social
27	Social Action

<b>30's</b>	<b>Liturgical Programs</b>
31	Community Worship
32	Catechumenate
33	Retreats
34	Sacramental Preparation
35	Children's Liturgy

<b>40's</b>	<b>Outreach Programs</b>
41	Parish Life
42	Parish to Parish
43	Parish to Community
44	Parish to World
45	Regional Projects

<b>50's</b>	<b>Parish Communities</b>
51	Parish Council
52	Education Committee
53	Liturgy and Worship Committee
54	Parish Life Committee
55	Youth Committee
56	Finance Committee
57	Facilities Committee
58	Communication Committee
59	Social Action Committee

<b>60's</b>	<b>Facilities</b>
61	Rectory
62	Church
63	School
64	Convent
65	Parish Center
66	Gym
67	Hall
68	House
69	Other

Note: The programs listed above are consolidated into Program 10 for the Annual Report.



<b>70's</b>	<b>Religious Education</b>
71	Administration
72	Instructional Programs
73	Buildings/Grounds
74	Preschool
75	Elementary School
76	Junior High School
77	High School
78	Adult Education
79	Special Education

Note: The programs listed above are consolidated into Program 70 for the Annual Report.

<b>80's</b>	<b>School</b>
81	Administration
82	Programs
83	Audio-Visual
84	Learning Resource Center (LRC)
85	Buildings/Grounds
86	Preschool
87	Elementary School
88	Special Program
89	Transportation

Note: The programs listed above are consolidated into Program 80 for the Annual Report.

<b>95</b>	<b>Parish Cemeteries</b>
-----------	--------------------------

# ARCHDIOCESE OF SEATTLE

## SECTION C

### PARISH ACCOUNTING CONCEPTS

# ARCHDIOCESE OF SEATTLE

## TABLE OF CONTENTS

### SECTION C: PARISH ACCOUNTING CONCEPTS

	<u>Page</u>
ACCOUNTING DEFINITIONS	3
GENERAL LEDGER	6
DOUBLE ENTRY ACCOUNTING	7
RECEIVABLES, PAYABLES, and ACCRUAL ACCOUNTING	15
YEAR-END or MONTH-END ACCRUALS	15
FUND BALANCE ACCOUNT	16

# ARCHDIOCESE OF SEATTLE

## SECTION C: PARISH ACCOUNTING CONCEPTS

### ACCOUNTING DEFINITIONS

Before we can effectively discuss concepts and learn procedures, we must define the basic terms underlying financial record-keeping.

ASSETS:	<p><u>Things of value that are owned by the parish.</u></p> <p>Assets are the <i>resources</i> of the parish. Examples are cash, accounts receivables, prepaid assets, inventory, investments, land, building and equipment.</p>
LIABILITIES:	<p><u>Amounts owed by the parish to others.</u></p> <p>Liabilities represent <i>claims against the resources</i> (assets) of the parish. Examples include unpaid utility bills, taxes withheld from employee wages (owed to the IRS), outstanding loan balances, custodial collections not yet forwarded to the Archdiocese, and other accrued liabilities such as priest pension.</p>
FUND BALANCE:	<p>The difference between Assets and Liabilities. Also sometimes referred to as "Net Assets".</p> <p style="text-align: center;"><b>Fund Balance = Assets – Liabilities</b></p> <p>The Fund Balance amount gives us, at a glance, some indication of past parish performance. <b>The Fund Balance represents the cumulative total amount of financial results (revenues minus expenses) for all prior years.</b> This number (the difference between revenue and expenses) balances the Statement of Financial Position (Balance Sheet).</p> <p>The parish may have other fund balances to show unrestricted, restricted, and designated fund balances. It is recommended that the parish show Capital Fund and Endowment Fund balances separately from the Operating Fund balance.</p>
REVENUES:	<p><u>The items which create an economic benefit to the parish.</u></p> <p>Generally, this is any time the parish receives money that it is not expected to pay back. Sunday collections are the most obvious example. Other examples of revenues are donations, fundraising receipts, tuition and registration fees, business income. Under some circumstances, non-cash items can create revenue (i.e. in-kind donations).</p>

## ARCHDIOCESE OF SEATTLE

EXPENSES:	<p><u>The economic costs of operating a parish.</u></p> <p>There are many costs of running a parish. Expenses can be broken down into <u>operating expenses</u> and <u>capital expenses</u>.</p> <ul style="list-style-type: none"> <li>▪ Operating expenses are expenses required in running the day-to-day operations of the parish. Examples are staff salaries, supplies, utilities, and maintenance costs.</li> <li>▪ Capital expenses are amounts spent to acquire or improve long-term assets such as buildings and equipment. Note that these are not really expenses but increases to the asset value.</li> </ul>
STATEMENT OF FINANCIAL POSITION:	<p>(Previously termed “Balance Sheet”) One of the primary financial reports, this statement is used to evaluate the financial position of the parish at a specific point in time. The Statement of Financial Position is a listing of parish assets, liabilities, and fund balances. It shows all of the resources of the parish (assets) and all of the claims against those resources (liabilities). Reviewing a Statement of Financial Position may give an indication of the financial health, stability, or well-being of the parish.</p>
STATEMENT OF ACTIVITIES:	<p>(Previously termed “Income Statement” or “Profit and Loss (P&amp;L) Statement) The second primary financial statement reports the financial activities (revenues and expenses) of the parish over a period of time. It is used to evaluate the <u>financial operations</u> of the parish over a period of time (usually month or fiscal year).</p> <p>It is important to note that there is a fundamental inter-relationship between the Statement of Financial Position and the Statement of Activities. The difference between revenues and expenses is the amount which rolls forward to the Fund Balance section of the Statement of Financial Position.</p> <p>Capital expenditures, which may be quite material, will not be reflected within the Statement of Activities, but rather as an increase in assets on the Statement of Financial Position.</p>
STATEMENT OF CASH FLOWS:	<p>This is the final primary financial report. This statement details the impact on parish cash balances from income, expenditures and changes in assets and liabilities.</p>

# ARCHDIOCESE OF SEATTLE

## RECORD KEEPING JOURNALS

In this section we will discuss journals as maintained in a manual / non-computer accounting system. The journals exist in a computer system, but their creation is much simpler -- the computer spreads the amounts to categories based on the GL (general ledger) account numbers entered with each transaction. It is important that users of computerized systems understand the theory behind the entries they make.

There are three record keeping journals that we will be discussing:

1. Cash Receipts Journal
2. Cash Disbursements Journal (check book)
3. General Journal



*books of original entry*

The books of original entry are the first place parish financial information is recorded. Indeed, writing checks and depositing money is the starting point for the accumulation of all financial information. Individual revenue and expense items are initially allocated, or *spread*, to various revenue and expense accounts in these journals.

### Cash Receipts Journal

The Cash Receipts journal typically has several columns. This allows the user to allocate cash receipts to one of several revenue accounts, depending upon the nature of the revenue source. This journal allows for the recording of the date of each receipt, as well as a description of the source.

### Cash Disbursements Journal

The Cash Disbursements Journal also has several columns for use in allocating expenses to various accounts. Besides columns for individual expenditure accounts, the checkbook will have columns in which to record the date, check number, the amount of the check, and the current cash balance in the account.

This journal is also the place to record *transfers* of cash from one cash account to another (e.g. checking to PRF savings). Remember: ***transfers of cash from one account to another do not represent revenue.***

As we said, the Cash Receipts and Disbursements journals are the initial recording place of financial information. The *totals* for each revenue and expense account, for each month (or each batch in a computerized system) are then transferred, or ***posted***, to the General Ledger.

### General Journal

Both the Cash Receipts and Cash Disbursements are used to record actual cash transactions. The General Journal, on the other hand, is used to record transactions that may not necessarily result from the transfer of cash. These include entries to:

1. Adjust individual accounts (both the Statement of Financial Position and the Statement of Activities accounts)
2. Correct previous errors
3. Record previously unknown information
4. Enter non-cash financial transactions.

# ARCHDIOCESE OF SEATTLE

For example, when the savings account statement is received indicating that interest has been earned, an adjustment needs to be made to record this information. Since the additional money in the account is not supported by a cash receipt or deposit slip, we make an adjustment to the books by increasing both accounts Cash in Savings and Interest Income by the amount of the interest earned.

The General Journal, or “GJ”, consists of columns for debits and credits, the date of entry, and a description. Adjustments to account balances are made, or **journalized**, within the GJ and then **posted** to the General Ledger just like receipts and disbursements.

## GENERAL LEDGER

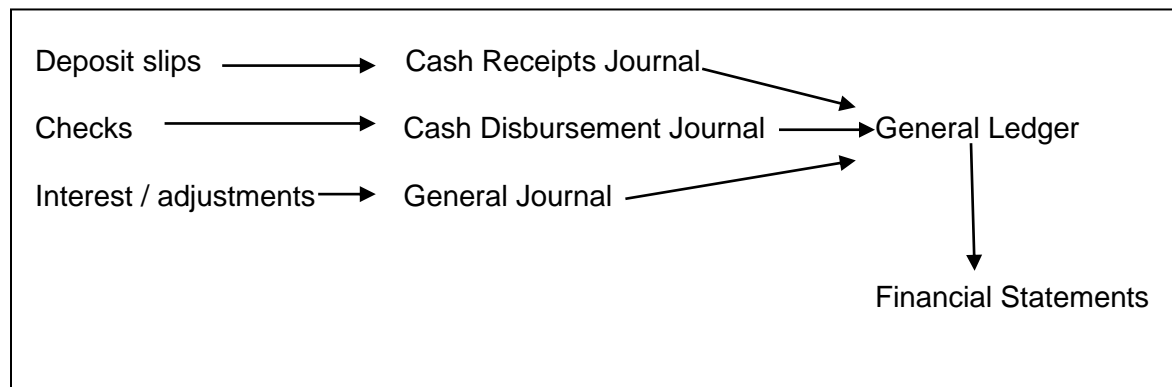
Ultimately, when we talk about “the books”, we are referring to the General Ledger, or “GL”. Since all other record keeping journals flow into it, the General Ledger represents the summarization of all financial information. Account balances from the GL are summarized on the Financial Statements.

In a manual system, the format of the GL has a page for every account (asset, liability, fund balance, revenue, and expense). Each account will have monthly **postings** that either add to or subtract from the previous balance. These postings will generally be monthly totals from the Cash Receipts and Disbursements Journals or individual adjustments from the General Journal. Rather than have an addition to the Office Supplies account for every purchase, the Office Supplies account page will have only the totals for each month added to the previous balance. Thus, this page will have a current, running balance of the year’s Office Supplies purchases.

To recap, expense and revenue information flows from the Cash Disbursement and Cash Receipt journals to the General Ledger where the monthly account totals are posted. Then, as needed, adjustments are made in the General Journal to correct or update individual account balances.

We can retrace our steps from the Financial Statements to the General Ledger, back to the General Journal, Cash Receipts and Disbursements journals, and finally back to the original checks and deposit slips. This is called the **audit trail**. Since at each stage we are summarizing the financial information more and more, it is necessary to trace back to our original information should we ever need to verify the information.

## Audit Trail



# ARCHDIOCESE OF SEATTLE

## DOUBLE ENTRY ACCOUNTING

What is double-entry accounting and why do we need it? First, it is not double-work! It is a system that helps to maintain the accuracy of financial records (or books). Through a system of checks and balances, double-entry bookkeeping helps ensure the integrity of the books.

The primary characteristic of double-entry bookkeeping is the incorporation of parish assets and liabilities (Statement of Financial Position items) into the financial records. Double-entry recognizes the essential inter-relationships between Statement of Financial Position items (assets, liabilities, and fund balance) and Statement of Activities items (revenues and expenses). *Bookkeeping systems that do not incorporate Statement of Financial Position items are not incorrect, they are incomplete.*

The basic principle of double-entry accounting is that every transaction, or financial event, has a dual nature. That is, with any given transaction, two things occur. For example, when a parishioner gives the parish \$100, two things have happened to the parish; the parish's cash balance has increased by \$100, and the parish has received \$100 of revenue.

To take another example, suppose the parish writes a \$50 check to the office supply store for supplies. Again, two things have happened: the amount of cash in the checking account has decreased (by \$50) and the total spent on the office supplies for the year has increased (by \$50).

Note that we are thinking in terms of *account balances*. In the first example, the cash in checking balance has increased as has the revenue account balance. In the second example, the cash in checking balance has decreased as the office supplies expense account balance has increased.

Learning to think of transactions in terms of their dual nature is one of the important keys to understanding double-entry bookkeeping.

### DEBITS and CREDITS

The other key is learning to associate certain *types of accounts* with certain *types of account balances*. When we discuss *types of account balances*, we're talking about whether an individual account has a *debit* or *credit* balance.

Types of accounts are associated with debit and credit balances. Debit accounts are: Assets and Expenses. Credit accounts are Liabilities, Fund Balances, and Revenues.

Debit Accounts	Credit Accounts
<ul style="list-style-type: none"><li>▪ Assets</li><li>▪ Expenses</li></ul>	<ul style="list-style-type: none"><li>▪ Liabilities</li><li>▪ Fund Balances</li><li>▪ Revenues</li></ul>

Debits and credits should not be associated with being either "good" or "bad". For our procedural purposes, they are simply debit balances or credit balances.



## ARCHDIOCESE OF SEATTLE

This is where the “double entry” part comes into play. Each transaction or event has a dual nature. For bookkeeping purposes, every event generates at least one debit and at least one credit. In any transaction, the debit(s) must equal the credit(s).

As we said, assets have debit balances. If we have \$100 in our checking account (cash is an asset), we have a \$100 *debit* balance in that account. If we receive \$50, we would *debit the account* with \$50; this would give us a \$150 debit balance in the account. Now, let’s assume that we write a check for \$25, thus decreasing the balance. We then have *credited* this account for \$25.

The chart below summarizes these Debit Account transactions:

CHECKING ACCOUNT		
	Debit Balance	100.00
Deposit \$50	Debit the account \$50 <i>(Increase)</i>	50.00
	Debit Balance	150.00
Write a check for \$25	Credit the account \$25 <i>(Decrease)</i>	25.00
	Debit Balance	125.00

Credit accounts are the same. Let’s start with the revenue account, Donations, and assume that it’s the beginning of the year, so the balance in the Donations revenue account is zero.

A parishioner donates \$1,000. When the money is received, the Donations (revenue) account is *credited*, giving us a \$1,000 credit balance. At the same time, the Cash (asset) account has been increased or *debited* by \$1,000.

Next, assume that another parishioner donates \$500. Again, we credit the Donations revenue account for \$500; this gives us a \$1,500 credit balance. Starting with zero, we added a credit of \$1,000, then added a credit of \$500 to total a \$1,500 credit balance.

The chart below summarizes these Credit Account transactions:

DONATION REVENUE		
	Beginning Balance at 7/1/XX	0
Gift of \$1,000 received	Credit the account \$1,000 <i>(Increased)</i>	1,000.00
	Credit Balance	1,000.00
Gift of \$500 received	Credit the account \$500 <i>(Increased)</i>	500.00
	Credit Balance	1,500.00

# ARCHDIOCESE OF SEATTLE

The following chart summarizes the concept of “types of accounts”:

<p><u>DEBITS (Assets, Expenditures):</u></p> <ul style="list-style-type: none"><li>➤ Increase an asset</li><li>➤ Increase an expenditure account</li><li>➤ Decrease a liability</li><li>➤ Decrease a fund balance account</li><li>➤ Decrease a revenue account</li></ul>	<p><u>CREDITS (Liabilities, Fund Balances, Revenues):</u></p> <ul style="list-style-type: none"><li>➤ Increase a liability</li><li>➤ Increase a fund balance account</li><li>➤ Increase a revenue account</li><li>➤ Decrease an asset</li><li>➤ Decrease an expenditure account</li></ul>
--	---

*Note: The terms “debit” and “credit” can be nouns, verbs, or adjectives. That is, we can record a debit (a debit being a type of change that an account balance may experience), we can debit an account (which is the act of changing the account balance), or we can describe an asset account as being a debit account (describes a noun).*

So far we’ve talked about debits and credits, but we haven’t really talked about them together. As we’ve said, every transaction has a dual (or double) nature, and includes at least one debit and at least one credit. The most fundamental idea in double entry accounting is that the debits and credits generated from every transaction must balance each other. That is the key to just about everything that we’ll be discussing.

The section we just finished covers some of the most important concepts in double entry accounting. To recap:

- Debit accounts are either assets or expenditures.
- Debits increase debit accounts and decrease credit accounts.
- Debits always equal credits
  
- Credits accounts are liabilities, fund balances, and revenues
- Credits increase credit accounts and decrease debit accounts
- Credits always equal debits

## Your Bank’s Perspective on debits / credits:

You will note that the bank occasionally sends you a notice that they are “crediting” your account, or adding money to it, usually as a result of interest earned or an error. Since we know that we need to debit our account in order to increase it, this is likely to cause some confusion. Here’s why:

To the bank, your account is a *liability*, not an asset. It is an asset to you. So, when you make a deposit, you are *debiting* your books while the bank is *crediting* theirs. Likewise, when you make a withdrawal, you are crediting your account while the bank is debiting your account.

## ARCHDIOCESE OF SEATTLE

So far, we've been dealing with all this in a rather theoretical fashion. Let's consider something more familiar, in this case a cash disbursements journal (or checkbook). The following are month end totals from a cash disbursements journal:

ACCT #	DESCRIPTION	AMOUNT
5101	Clergy Salary	500.00
5121	Bookkeeper Salary	1,000.00
5502	Office Supplies	850.00
6180	Fund Raising Expense	300.00
6301	Combined Utilities	925.00
2301	PRF loan	750.00
	<b>TOTAL EXPENDITURES</b>	<b>4,325.00</b>

These are the totals of all checks that have been written for the month. Since these amounts are all expenditures, they are by definition, debits. Checks represent a reduction in cash, an asset. The way to reduce an asset (a debit) account is with a credit. So the debits for this series of transactions are listed above and the credit is to the Cash Account, which reduces the cash balance by \$4,325.00.

*Note: You may notice that, unlike the other expenditures which have 5000 or 6000 account numbers, the PRF Loan has a 2300 account number. This, of course, denotes that the PRF Loan is a liability. Liabilities are credit accounts, and the \$750 expenditure is a debit, which decreases the credit balance.*

The Cash Receipts Journal is similar to the Cash Disbursement Journal above. The CR journal has a column for the total receipt as well as columns to record the various types of revenue that you receive. Each of the revenue columns represents a *credit*, increasing revenue. The column for recording the total receipts represents the increase in the cash balance, or the *debit*.

We're now going to start working through this section by thinking in terms of transactions and their related debits and credits. We'll be presenting transactions using a standardized **journal entry** format. That is, instead of working from simulated cash receipt and disbursement journals, we will use the form of a journal entry (to be explained and discussed later) to more easily illustrate individual transactions.

The following transaction represents the purchase of office supplies.

ACCT #	DESCRIPTION	DEBIT	CREDIT
5502	Office Supplies	75.00	
1115	Cash in Checking		75.00
To record the purchase of office supplies			

Some things to note: The debit is always the first entry, and is recorded in the left-hand column; the credit is always shown as the second entry and is placed in the right-hand column. Any one transaction or journal entry may be comprised of several debits or credits, but the totals of all of them must balance. It is also customary to include a short description of the transaction.

# ARCHDIOCESE OF SEATTLE

As you can see, the point of the double-entry system is that for every debit, there is a corresponding credit and, thus, the accounting records will always be in balance. **The importance of including assets, liabilities, and fund balances (Statement of Financial Position items) in the accounting records cannot be overemphasized.** These accounts, in conjunction with the double-entry method, provide for a check against the accuracy of the records as a whole. In addition, viewing or thinking of individual transactions in this format helps emphasize the necessity of balancing debits and credits.

It is important now to revisit the distinction between the recording of transactions and journal entries.

**Transaction:** Each time a check is written or a deposit is made, a transaction has taken place. When the parish writes a check to the office supply store for typing paper, the transaction includes an increase in the total amount spent on office supplies for the year and a decrease in the amount of cash in the bank. When a deposit is made of the Sunday Collections, the transaction is the increase in the total revenue for the year and the corresponding increase in cash.

**Journal Entry:** A journal entry is a tool used to adjust ending balances through the General Journal. Thus, a journal entry might be used to correct an error made earlier in the year, or to record new information such as the specific amount of the monthly bank fee, or the amount of interest paid on a bank loan during the year.

By way of explanation, let's look at the following example:

## TRANSACTIONS

ACCT #	DESCRIPTION	EXPENDITURE	REVENUE
5101	Clergy Salary	7,000.00	
5121	Bookkeeper Salary	9,000.00	
5502	Office Supplies	4,300.00	
2301	PRF Loan	2,500.00	
6180	Fund Raising Expenses	800.00	
6301	Combined Utilities	1,150.00	
4101	Sunday Envelope Collections		25,000.00
4401	Donations		1,000.00
4530	Rental Income		250.00
	TOTAL	<u>24,750.00</u>	<u>26,250.00</u>

# ARCHDIOCESE OF SEATTLE

While these transactions have already occurred, they will need to be “posted” to the General Ledger in the form of the following two journal entries.

## JOURNAL ENTRY

ACCT #	DESCRIPTION	DEBIT	CREDIT
5101	Clergy Salary	7,000.00	
5121	Bookkeeper	9,000.00	
5502	Office Supplies	4,300.00	
2301	PRF Loan	2,500.00	
6180	Fund Raising Expenses	800.00	
6301	Combined Utilities	1,150.00	
1115	Cash in Parish Checking Acct		24,750.00

To record the year’s checking account transactions.

## JOURNAL ENTRY

ACCT #	DESCRIPTION	DEBIT	CREDIT
1115	Cash in Parish Checking	26,250.00	
4101	Sunday Collections		25,000.00
4401	Donations		1,000.00
4530	Rental Income		250.00

To record the parish’s total income for the year.

*Note: the journal entries are for illustrative purposes. Normally, the posting would be done from the Cash Receipts (CR) and Cash Disbursements (CD) journals*

Remember, the debits in this case are:

- increasing asset accounts (Cash in Checking),
- decreasing liability accounts (PRF Loan), and
- increasing expenditure accounts (Salaries, etc.)

...while the credits are

- decreasing asset accounts (Cash in Checking) and
- increasing revenue accounts (Sunday Collections, etc.).

As usual, there are several adjustments necessary to bring the books to the correct balances.

# ARCHDIOCESE OF SEATTLE

Assume the following adjustments are required:

**1. \$1,250.00 of the PRF Loan payments represent the interest portion.**

ACCT #	DESCRIPTION	DEBIT	CREDIT
6105	Interest Expense – PRF	1,250.00	
2301	PRF Loan		1,250.00
To adjust PRF Loan principal payments to actual and to record the related interest expense. (This type of entry will normally be made quarterly, when the PRF Loan statement is received, but may also be made at the yearend).			

**2. Unrecorded bank charges for the year amount to \$55.00.**

ACCT #	DESCRIPTION	DEBIT	CREDIT
6101	Bank Charges	55.00	
1115	Cash in checking – Parish		55.00
To adjust the checking account balance to actual and to record bank charges. This entry is normally made when the bank statement is received. (This entry is necessary to bring the parish books' checking account balance to the actual; if the bank charges have not been recorded, then the balance per the books will be overstated by the \$55.00)			

**3. Originally recorded as Rental Income, \$150.00 was miscoded and should have been recorded as Interest Income.**

ACCT #	DESCRIPTION	DEBIT	CREDIT
4530	Rental Income	150.00	
4501	Interest Income - PRF		150.00
To record interest income that was credited to Rental Income by error. (This represents an entry to correct a prior error. Note that by debiting the Rental Income account, we are decreasing it in order to increase the Interest Account.)			

To summarize, journal entries are made to correct errors and to adjust account balances to their actual or correct balance. Each transaction and journal entry must include both debits and credits which must balance when totaled. In addition, each recorded journal entry must include a short explanation below it, which summarizes the transaction and explains the reason for it.

At the beginning of the fiscal year, before any revenue or expenditures have been recorded, the Statement of Financial Position items (assets, liabilities, and fund balances) conform to the following:

$$\text{ASSETS} = \text{LIABILITIES} + \text{FUND BALANCES}$$

# ARCHDIOCESE OF SEATTLE

As the year's transactions are recorded, the Statement of Financial Position items will not balance. The reason is that any given transaction may have an effect on a Statement of Financial Position item and a revenue or expense account. For example, when office supplies are purchased, cash is decreased (a credit) and the supplies expenditure account is increased (a debit). So one Statement of Financial Position account has changed, as has one of the Statement of Activities accounts.

The difference between the debits and credits for the Statement of Financial Position accounts (assets and liabilities / fund balances) will equal the difference between the debits and credits for the Statement of Activities accounts (revenues and expenditures):

**ASSETS + EXPENDITURES = LIABILITIES + FUND BALANCES + REVENUES**

**OR**

**REVENUES – EXPENDITURES = ASSETS – LIABILITIES – FUND BALANCES**

For each parish program (parish operations, religious education, school, cemetery), there are related revenues and expenditures. At the end of the fiscal year, the sum of the differences between revenues and expenditures for all parish activities will be the figure that makes the Statement of Financial Position balance.

## More on Receipts and Disbursements:

When Cash is *received*, four possible things can happen:

1. Revenue is earned (e.g. donations)
2. A liability has been incurred (e.g. new loan)
3. An expenditure has decreased (e.g. refund or reimbursement)
4. An asset has decreased (e.g. sale of an asset) *See Section D.*

When cash is *spent*, four possibilities also exist:

1. An expense is increased (e.g. a bill is paid)
2. A liability decreases (e.g. debt payment)
3. Revenue is decreased (e.g. refund or reimbursement)
4. An asset is increased (e.g. a purchase)

*Note: If cash is received as a reimbursement for either returned goods or an overpayment of a bill, it is preferable to credit (or reduce) the amount in the expenditure account by the amount of the reimbursement rather than crediting a revenue account. This is called "offsetting", and is recommended because it better reflects the economic reality of the transaction.*

# ARCHDIOCESE OF SEATTLE

## RECEIVABLES, PAYABLES, and ACCRUAL ACCOUNTING

One of the goals of accounting is to match, as best we can, revenues and expenditures with the accounting period (generally, fiscal year) to which they relate. To accomplish this, we use several accounts and the concept of Accrual Accounting.

### Accounts Receivables

In general, parishes do not encounter receivables, although schools sometimes do.

### Accounts Payable

Accounts Payable are amounts owed by the parish. Every organization has Accounts Payable, be they outstanding bills or payroll taxes withheld. We must determine whether or not to formally record them within our financial records.

The recording of the payroll tax liability resulting from the proper withholding procedures is absolutely necessary to ensure accurate accounting. The withholding procedures (discussed in Payroll, Section D) provide us with assurance that the amount remitted to the IRS is correct.

### Accrual Accounting

Whether, or to what extent, we accrue is referred to as our *basis of accounting*. There are several methods (basis) of maintaining financial records.

#### Cash Basis

Under the cash basis of accounting, revenue is recorded when cash is received, and expenses are recorded only when cash is spent. For some parishes, cash basis accounting is quite adequate. If the parish is using the cash basis of accounting, there would be no need to record accounts payable or receivables. Payroll and all other expenses would be recorded when paid. Revenue amounts would be recorded when received.

#### Accrual Basis

Under the accrual method, revenue is recorded when earned regardless of when it is collected, and an expense is recorded when incurred regardless of when it is paid. If the parish is using this method, it would record accrued expenses, accounts payable and receivable. Using the accrual method is more time-consuming and complex than the cash basis.

#### Modified Accrual Basis

There is a third option available and acceptable for recording your transactions known as the modified accrual basis. The distinction is that only specific items are accrued. It is extremely important to record some items within the accounting records in order to provide better control, accurate reporting, and budgeting. **Modified accrual is the preferred basis of accounting under the Parish Accounting System.**

## YEAR-END or MONTH-END ACCRUALS

If a parish wants its reports on the accrual basis of accounting, it will have to adjust its accounts at year or month-end (depending on the preference of the parish) to reflect accrued amounts. Accrued liabilities or accrued expenses are amounts a parish owes or has incurred but has not yet paid or recorded. Examples of accrued liabilities include salaries and wages earned by employees but not yet paid (Salaries Payable, other Payroll Payables) and interest owed on debt (Interest Payable).



# ARCHDIOCESE OF SEATTLE

## FUND BALANCE ACCOUNT

The Fund Balance account is the sum total of all parish income (revenues minus expenses) for all prior years of the parish.

At the beginning of any fiscal year, the Fund Balance account is also the difference between the total assets and total liabilities. The Statement of Financial Position is made up of three things:

- Things we own (assets)
- Things we owe (liabilities)
- Income that we've made in the past (fund balance)

Again, the basic accounting equation:

$$\text{ASSETS} = \text{LIABILITIES} + \text{FUND BALANCE}$$

Here's a quick illustration to explain where the fund balance account amount comes from. Assume the following information: for each of the first three years of parish operation, the parish has revenues that exceed expenses by \$10,000.

	YEAR 1	YEAR 2	YEAR 3
Total Revenues	100,000	100,000	100,000
Total Expenses	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>
Revenues – Expenses ( <i>surplus</i> )	10,000	10,000	10,000
Ending Fund Balance	10,000	20,000	30,000

As you can see, every year the parish earns a “*surplus*” (revenues minus expenses) of \$10,000. Over the course of three years, the total ending fund balance amount has increased to \$30,000. As we said, the fund balance account is the sum total of all parish income (revenues minus expenses) for all prior years of the parish.

Perhaps the best way to explain the fund balance account and how all this ties together is to start with an example. For this example, we'll start with a brand new parish.

The first event is a fund raiser. The event raises \$10,000. So now, the parish financial statements look like this:

### STATEMENT OF ACTIVITIES (or Profit & Loss Statement or Income Statement)

REVENUES			
	Fund Raising Revenue	10,000	
	Total Revenue		10,000 (credit)
EXPENDITURES		0	
	Total Expenditures		0
YEAR-T0-DATE NET INCOME			10,000 (credit)

# ARCHDIOCESE OF SEATTLE

## STATEMENT OF FINANCIAL POSITION (or Balance Sheet)

ASSETS			
	Cash	10,000	
	Total Assets		10,000 (debit)
LIABILITIES		0	
FUND BALANCE			
	Fund Balance	0	
		0	
		0	
	Total Liabilities and Fund Balance		0
YEAR-TO-DATE NET INCOME			10,000 (debit)

As the result of this event, this parish now has an asset (cash) and revenue. The parish also has a *balanced* set of books; there is a debit of \$10,000 (cash) and a credit of \$10,000 (fundraising revenue).

The parish continues to grow and undertakes the following financial activities, (in journal entry format):

**1. Parish takes out a loan for \$50,000.**

ACCT #	DESCRIPTION	DEBIT	CREDIT
1115	Cash in checking	50,000	
2301	PRF Loan Payable		50,000
To record the receipt of loan proceeds and the related liability			

**2. Parish leases space for \$15,000**

ACCT #	DESCRIPTION	DEBIT	CREDIT
5906	Property Lease	15,000	
1115	Cash in Checking		15,000
To record the lease expense			

**3. Parish buys a car, computer equipment, and office equipment for \$25,000**

ACCT #	DESCRIPTION	DEBIT	CREDIT
1539	Capital Purchase/ Equipment (car)	8,500	
1535	Capital Purchase/ Equipment (office)	16,500	
1115	Cash in Checking		25,000
To record the purchase of a vehicle and office equipment			

# ARCHDIOCESE OF SEATTLE

## 4. Parish has a Sunday Envelope collection of \$45,000.

ACCT #	DESCRIPTION	DEBIT	CREDIT
1115	Cash in Checking	45,000	
4101	Sunday Collection		45,000
To record the Sunday Collection			

## 5. Parish spends \$8,000 making improvements to their leased facility.

ACCT #	DESCRIPTION	DEBIT	CREDIT
5801	Repairs & Maintenance	8,000	
1115	Cash in Checking		8,000
To record renovations and repairs made to the building			

The resulting Statement of Financial Position and Statement of Activities are listed on the next page.

### STATEMENT OF ACTIVITIES

REVENUES			
	Sunday Envelope Collections	45,000	
	Fund Raising Revenue	<u>10,000</u>	
	Total Revenue		55,000
EXPENDITURES		0	
	Property Lease	15,000	
	Repairs / Maintenance	<u>8,000</u>	
	Total Expenditures		23,000
YEAR-T0-DATE NET INCOME			32,000

### STATEMENT OF FINANCIAL POSITION

ASSETS			
	Cash	57,000	
	Equipment – vehicles	8,500	
	Equipment – office	<u>16,500</u>	
	Total Assets		<u>82,000</u>
LIABILITIES		0	
	PRF Loan	<u>50,000</u>	
	Total Liabilities	50,000	
FUND BALANCE			
	Fund Balance	0	
	Total Liabilities and Fund Balance		<u>50,000</u>
YEAR-T0-DATE NET INCOME			<u>32,000</u>

## ARCHDIOCESE OF SEATTLE

Now, let's assume that these are the total of this parish's operations for the fiscal year. So, at year-end, we close out our revenue and expense accounts so that we may begin the next year with zero balances.

The year-end close-out procedure is actually quite simple. For each account with a debit balance, we credit the account by the amount of the balance; for each account with a credit balance, we debit the account by the amount of the balance. To illustrate, let's first look at our Statement of Activities account balances.

ACCOUNT #	DESCRIPTION	DEBIT	CREDIT
4101	Sunday Collection		45,000
4310	Fund Raising Projects		<u>10,000</u>
5906	Property Lease	15,000	
5801	Repairs / Maintenance	<u>8,000</u>	
	TOTALS	<u>23,000</u>	<u>55,000</u>

Now, we'll debit all of the credit balance accounts, credit away all of the debit balance accounts, and whatever the difference is, a debit or credit, we'll journalize to the Fund Balance Account.

From the balances listed above, we know that we have total credits of \$55,000 and total debits of \$23,000, a difference of \$32,000. Note that this is the same amount as Year-To-Date Surplus from the financial statements on the previous page.

Since we know the definition of Fund Balance to be "the sum total of all parish income (revenues minus expenses) for all prior years of the parish," we know that \$32,000 will be our new Fund Balance account balance. We also know that the Fund Balance account is a *credit* account.

ACCT #	DESCRIPTION	DEBIT	CREDIT
4101	Sunday Collections	45,000	
4310	Fund Raising Projects	10,000	
5906	Property Lease		15,000
5801	Repairs / Maintenance		8,000
3101	Fund Balance		32,000

To close-out the year-end revenue and expenditure balances to the Fund Balance account.

So, the year-end close-out was an adjustment, a journal entry that clears the old balances in our Statement of Activities accounts. We now can begin the new fiscal year. The total in the Fund Balance account, \$32,000, is the sum total of all parish income (revenues minus expenses) for all prior years for this parish.

# ARCHDIOCESE OF SEATTLE

Our final Statement of Financial Position looks like this:

## STATEMENT OF FINANCIAL POSITION

ASSETS			
	Cash	57,000	
	Equipment – vehicles	8,500	
	Equipment – office	<u>16,500</u>	
	Total Assets		<u>82,000</u>
LIABILITIES		0	
	PRF Loan Payable	<u>50,000</u>	
	Total Liabilities	50,000	
FUND BALANCE			
	Fund Balance	32,000	
	Total Liabilities and Fund Balance		<u>82,000</u>

### Changes in Fund Balance

As we've seen on the preceding pages, the most common example of a *change in Fund Balance* occurs at year-end when the revenue and expense accounts are closed out and the year's net Income (or loss) is credited (or debited) to the account.

The only other reason for a change in a Fund Balance account would be the need to make an adjustment to the parish Statement of Financial Position. Adjustments to the Statement of Financial Position would be necessitated in cases where an error or omission has been made. In such instances, rather than make an adjustment directly to the Fund Balance account (#3101) it is appropriate to use an intermediary account called the Adjustment to Fund Balance account (#3103). The use of this account provides us with more of an **audit trail** than does making adjustments to the Fund Balance (#3101) account.

Adjustments of this nature should only be made in unusual circumstances. You should make a particular effort to maintain a paper **audit trail** for these entries.

# ARCHDIOCESE OF SEATTLE

## SECTION D

## PAYROLL

# ARCHDIOCESE OF SEATTLE

## TABLE OF CONTENTS

### SECTION D: PAYROLL

	Page
PAYROLL TAX	3
LAY COMPENSATION	4
PAYROLL REPORTING & REQUIREMENTS	8
INTERNAL REVENUE SERVICE (IRS)	9
PAYROLL ACCOUNTING PROCEDURES	10
ALLOCATING SALARY EXPENSES	12

# ARCHDIOCESE OF SEATTLE

## SECTION D: PAYROLL

All parishes must use the payroll system used by the Archdiocese for processing payroll. This section provides some basic information about the fundamentals of payroll.

The proper recording and maintenance of payroll records is not only essential in determining the results of parish operations, but also for tax purposes. The Internal Revenue Service (IRS) and some local tax authorities require the maintenance of records that reflect the remuneration paid to each employee performing services for the parish. There are also specific reporting requirements.

This section is intended to supplement the forms and instructions provided by the taxing authorities and to show how the required information is obtained from the accounting system.

### **PAYROLL TAX**

There are two kinds of Federal Government payroll withholdings:

1. Federal Income Tax (FIT)
2. Social Security / Medicare (FICA)

#### Federal Income Tax

The employee is responsible for the payment of annual income tax owed to the Federal Government. Throughout the year, amounts estimating each employee's annual Federal Income Tax liability are withheld from his/her paycheck. The employer's responsibility is to collect (through withholding procedure) the employee's Federal Income Tax and remit it to the IRS in a timely manner.

#### Social Security / Medicare (FICA)

The Federal Insurance Contributions Act (FICA) relates to that part of the federal old age, survivors, disability and health insurance system that imposes a tax on employers and on the employees themselves.

Both the employee and employer share payment of both portions of this tax. One half of the employee's total FICA tax is paid by the employee (deducted from the employee's check through the withholding procedure) and the other half is paid by the employer when remittance is made to the government. The Medicare portion of the tax is applied to the entire payroll amount, while the Social Security portion is limited. The maximum salary changes annually, the amount is included in Circular E, which can be found at <https://www.irs.gov/pub/irs-pdf/p15.pdf>. The Chart of Accounts includes accounts for each portion of the tax.

#### Tax Remittance

Taxes are remitted to the government based on the schedule in "Circular E" issued by the IRS. Tax remittance is normally handled by the Archdiocese.



# ARCHDIOCESE OF SEATTLE

## LAY COMPENSATION

Compensation paid to individuals for *services* falls into two categories. These distinctions are important since the federal reporting requirements for the two categories differ significantly (Appendix D-1). The two categories and the differentiation between them follow:

	<b>LAY EMPLOYEES</b>	
	<b>Employee Compensation</b>	<b>Non-employee Compensation</b>
<b>Definition</b>	The IRS defines an employee as “anyone who performs services subject to the will and control of the employer both as to what shall be done and how it shall be done” and receives some type of remuneration for such services	All individuals and unincorporated organizations receiving payment for services from the parish and who are not considered employees receive non-employee compensation. (Non-employees may also be referred to as “independent contractors”)
<b>Withholding</b>	<b>Federal Income Tax, Social Security, and Medicare are deducted from wages.</b>	<b>Normally no taxes are deducted with completed Form W-9) (See exception note on Page 4)</b>
<b>Reporting</b>	Wages and withholding are reported quarterly on Form 941.	The non-employee is solely responsible for remitting taxes owed to the IRS.
<b>Forms Received</b>	The employee receives a Form W-2.	The non-employee receives a Form 1099, if total payments equal or exceed \$600.

*Note: The IRS has established guidelines for determining worker status. Information may be found at <https://www.irs.gov/businesses/small-businesses-self-employed/independent-contractor-self-employed-or-employee>. All Independent Contractors or stipended volunteers or project pay must be vetted through the Human Resources office of the Archdiocese prior to engagement.*

## CLERGY, MEMBERS OF RELIGIOUS ORDERS, AND DEACON COMPENSATION

### Archdiocesan Priest Compensation

Priest compensation is a unique item in parish accounting. There is no equivalent item in “for profit” entities. In the Archdiocese of Seattle, priests are issued a W-2 form but payroll accounting is not the same as for any other payroll. The status of Archdiocesan priests impacts both Social Security and Federal Income Taxes.

Priests are considered self-employed for Social Security purposes by law. Archdiocesan policy requires priests to participate in the Social Security/Medicare system. This means that all diocesan priests in the Archdiocese must pay Self Employment Tax since no

## ARCHDIOCESE OF SEATTLE

amount for Social Security may be withheld by the parish. If an individual priest decides to withhold to pay the self-employment tax, that is acceptable (even recommended) but the amount must be withheld as income tax not Social Security.

Priests are not required to have Federal Income Tax withheld however, individual priests can request withholding and, as outlined above, the amount may be adequate to pay self-employment tax.

Priests living outside rectories receive a housing allowance. This amount is determined by the Archdiocese and published, along with other payroll information, in the "Budget Letter" issued in January. In addition, parishes must designate the amount of housing allowance prior to the beginning of the fiscal year. Designation by the parish may be contained in an employment contract, in minutes of the meeting or in a resolution made by the Finance Council, or in any other appropriate instrument evidencing such official action.

The housing allowance amount is taxable for self-employment tax but is not taxable for Federal Income Tax. This amount may or may not be included on the priest's W-2 form. The Archdiocese suggests that a letter be sent to priests documenting the amount paid as housing allowance. Following is the text of the letter sent to priests paid by Archdiocesan offices.

*This letter is your record of the total amount of housing allowance payments paid to/for you during 20XX. Housing allowance payments are not subject to Federal Income Tax. However, unless you have formally elected to be excluded from coverage under the social security system, you must include these housing allowance payments in the computation of self-employment tax.*

*20XX Total Housing Allowance: \$XX,XXX.XX*

Refer to Appendix D-1 for information on setting housing allowance and special considerations for housekeeping/cooks//shoppers/food and compensation.

Priests also receive a mileage allowance. This amount is either the actual mileage (substantiated by a mileage log) or a flat monthly amount. If a priest elects to document his mileage the amount paid is expense reimbursement and, therefore, not taxable. If the priest elects to receive the flat monthly amount, this is taxable and must be included in payroll reporting.

A very useful guide for understanding and preparing clergy income taxes is *Income Taxes for Priests Only*, by Martin LeNell. A copy of this publication is mailed to all Archdiocesan priests by the Priest Pension Plan. For more information, contact:

NPFC  
333 N. Michigan Ave. Ste. 1205  
Chicago, IL 60601-4002

Phone: (888) 271-6372  
Fax: (312) 442-9709  
E-mail: [NFPFC@NFPFC.org](mailto:NFPFC@NFPFC.org)

Another helpful resource is *Church Law & Clergy Tax Guide* by Richard R. Hammar, J.D., LL.M., CPA which is available in multiple outlets online.

# ARCHDIOCESE OF SEATTLE

## Extern Priests Documentation and Compensation

An extern priest is one not incardinated by the Archdiocese of Seattle. In general, the same payroll requirements (IRS and Self Employment Tax) rules apply to diocesan extern priests as to Archdiocesan priests. When an extern priest from a foreign nation is assigned to a parish he should have an R-1 Visa and a Social Security Number (or have applied for the number). If you have a question regarding a specific situation, contact the Office of the Vicar for Clergy or Parish Financial Services for assistance.

## Religious Order Priests

A religious order priest is paid on the same salary schedule as a diocesan priest. Since the order is technically the priest's employer, payroll checks are made payable to either the religious order or the religious order/individual name. Religious order priests do not receive a W-2 and, in accordance with agreements between the orders and the IRS, the religious order does not receive a 1099. Income tax is never withheld from a religious order priest. These rules only apply to religious orders with a legal structure in the U.S.; if a priest from any other order is assigned to a parish, specific instruction will be available from the Office of the Vicar for Clergy or Parish Financial Services.

## Brothers and Religious Women

Brothers and Religious Women are member of religious orders and are not subject to withholding or Social Security. They should not receive either a W-2 or 1099. Payroll for these individuals can be run through the accounts payable system rather than the payroll system. Paychecks to members of religious orders should be made payable to both the religious order and the individual.

## Priest Pension Payments

Priest pension payments are made based on the individual priest's status. Incardinated priests participate in the Archdiocesan Priest Pension Plan and payments are made to that fund. Religious order priests participate in their order's pension plan and payments are normally made to the order. Extern priests are either covered by a pension plan in their home diocese or an ARF savings account; the Office of the Vicar for Clergy will provide the information to the source of salary.

## Deacon Compensation

The Internal Revenue Service considers a deacon an ordained clergyman. Archdiocesan policy states that deacons are not paid for their ministerial duties (preaching, sacramental duties, etc.). If a deacon is hired for an "Administrative or Ministerial" position in addition to or instead of the normal deacon position, the same IRS rules apply to deacons salary as to priests (e.g. a portion of the deacon salary can be considered housing allowance thereby exempt from Federal Income Tax with the same documentation responsibilities to the individual and the deacon does not participate in the Social Security withholding but rather pays Self-Employment Tax).

# ARCHDIOCESE OF SEATTLE

The salary for the position is based on the lay salary scale for the position. The official Deacon Compensation Policy is included below. It is very important that both the deacon and the parish understand the tax implications and the practical steps that need to be taken. It is particularly important that the Parish Finance Council set the housing allowance amount annually and document the decision. Since the decision is binding on the parish, the housing allowance amount must be consistent for each deacon working in the parish. This would be an exceptional situation but it would be possible.

## PERMANENT DEACON COMPENSATION GUIDELINES

As ordained clergy, permanent deacons who are paid to work in ministerial or administrative managerial positions for parishes or schools are subject to the same tax regulations as priests. This includes the availability of a housing allowance, and the dual taxpayer status (self employed for social security tax purposes; employees for income tax purposes). Individual tax consequences may vary, and deacons are encouraged to consult their tax advisors.

Permanent deacons are eligible for a housing allowance

- An amount up to the annually published housing allowance for priests may be designated by a parish finance council as housing allowance for deacons employed by the parish.
- If the finance council designates a housing allowance, this designation must be recorded in the finance council minutes on an annual basis.
- Deacons receiving a housing allowance are considered to be self employed for social security tax purposes.
  - In this instance, the parish should add the normal employer's share of Social Security/Medicare taxes to the deacon's compensation.
  - The deacon may withhold his self employment taxes by making a W-4 declaration.
- All deacons paid to work in ministerial or administrative managerial positions for a particular source of salary must be treated the same with regard to housing allowance designation.
- Once a designation for treating a portion of a deacon's compensation as housing allowance has been made, it may not be changed for the duration of the deacon's employment in that position.
- Pension contributions are to be calculated on the total of salary and housing allowance.

# ARCHDIOCESE OF SEATTLE

## PAYROLL REPORTING & REQUIREMENTS

The following is a listing and description of the most used payroll tax and employee-related forms:

Form W-2: Wage and Tax Statement – generated by the payroll software.

This form summarizes, by calendar year, the total wages paid and Federal Income Tax and FICA withheld for each employee. This form must be issued to the employee by January 31 of the following calendar year. This form is submitted to the IRS annually with Form W-3 (transmittal form).

Form W-4: Employee's Withholding Allowance Certificate

Each employee is required to complete this form, which indicates marital status and the total number of "withholding exemptions" upon which the employee's individual withholding amounts are calculated. The employer files and maintains this form with other employee payroll information. This form should be updated regularly.

Form W-9: Tax Identification Number for Independent Contractors

This form is used to obtain the social security number or Employer Identification Number of the non-employee (independent contractor) being compensated by the parish. If a non-employee does not provide this number, **28% of the compensation must be withheld.**

Form 941: Employer's Quarterly Federal Tax Return – filed by the payroll service provider.

This form is a summary of wages paid and taxes due from employee, Federal Income Tax and FICA withholding. It is to be filed by the month-end following each calendar quarter. Due dates are April 30, July 31, October 31, and January 31.

Form 1099: Statement of Non-employee Compensation (1099-NEC)

This form is required to be issued to all individuals or *unincorporated* organizations that perform services for the parish and who received \$600 or more during the calendar year. This form is also due by January 31<sup>st</sup> of the following year. This form also submitted to the IRS with Form 1096 (transmittal form).

Form I-9: Employment Eligibility Verification

This form is issued by the Immigration and Naturalization Service. It documents the employee's eligibility to work in this country. **This form must be maintained in a separate file and cannot be included in the personnel files.**

DSHS Child Support Enforcement

This form is submitted to DSHS for every new hire. It is used in child support enforcement.

# ARCHDIOCESE OF SEATTLE

## Workers' Compensation

The Archdiocese of Seattle is self-insured for Workers Comp. Each parish receives a reporting form quarterly. All employees should be included on this form. If an independent contractor does not provide proof of worker's compensation insurance, they must also be included on the form. For further information, please contact the Worker's Compensation Coordinator at the Benefits Services Office (800) 950-4904.

## Employee Insurance Benefits

The Archdiocese offers several insurance options. Every employee working 30 or more hours per week and teachers contracted to teach at least three classes per day, five days per week, or the equivalent must receive benefits. The forms and instructions are available from the Benefits Service Office.

## Safe Environment Program

All church personnel\* must go through the Safe Environment Program and complete the following requirements:

- A criminal background check every three years
- Completion of a one time, in person, abuse prevention class, *Protecting God's Children*, and subsequent online training every three years.
- Every employee must read the following three policies and sign off, having read them; [Policy for the Prevention of Sexual Abuse](#), [Sexual Misconduct and Sexual Harassment](#), [Code of Professional Conduct for Church Personnel](#); and [Reporting Suspected Abuse or Neglect of Minors and Vulnerable Adults](#).

All three components listed above are recorded in the Virus database.

If you are a new employee or new volunteer, you can fulfill these requirements by visiting: [www.virtusonline.org](http://www.virtusonline.org) and clicking on NEW REGISTRANT.

\* Church personnel include clerics, religious men and women, and lay employees and volunteers in the Archdiocese of Seattle as defined in the Policy for Prevention of and Response to Sexual Abuse, Sexual Misconduct and Sexual Harassment.

## **INTERNAL REVENUE SERVICE (IRS)**

The IRS publishes several informational pamphlets and booklets that can be quite useful. IRS Publication – Circular E explains withholding requirements and FICA limits. In addition, the IRS operates a taxpayer assistance telephone line through which you may order forms or instruction pamphlets (faxed or mailed), and obtain information and clarification on tax issues. The phone number is **(800) 829-3676**, and is located in the government listing section (“blue pages”) of the phone book. The IRS website, which may be used to download instructions and forms, is <http://www.irs.gov>.



# ARCHDIOCESE OF SEATTLE

## PAYROLL ACCOUNTING PROCEDURES

Payroll should be recorded using a general journal entry. The gross salaries should always be recorded as an expense to the parish. Any taxes or employee elected deductions withheld should be recorded using payroll liability accounts, or on the rare occasion, as listed below, a revenue account. Payroll deductions vary based on parish policy and employee elections.

Acc. #	Description	Debit	Credit	Memo
5101	Clergy Salaries	1,886.75		Gross Salary - Pastor
5120	Lay Salaries (may itemize)	33,799.09	375.00	Gross Salary – Lay less HSA seed & GTL
2151	FICA Taxes Withheld		2,564.16	Employee FICA Withholding
2155	Federal Income Taxes Withheld		2,036.87	Employee FIT Withholding
2161	Tax Deferred Annuity (TDA)		745.21	Employee TDA Contributions
2162	Employee Medical Withheld		1,289.43	Employee Elect Medical Withheld
2163	Voluntary Elect Life Withheld		108.80	Employee Elect Voluntary Life Withheld
2167	HSA Employee Contribution		297.50	Employee HSA Withheld
2168	FSA Employee Contribution		143.75	Employee FSA Withheld
2169	Info Armor		20.94	Info Armor Withheld
4101	Sunday Collections		100.00	Employee Contribution Withheld
2225	St. Vincent de Paul Custodial		50.00	Employee SVDP Contribution Withheld
5141	HSA Employer Contribution	375.00		HSA Employer Contribution
5142	FSA Employer Contribution	20.83		FSA Employer Contribution
5201	FICA Payroll Tax Expense	2,564.16		Employer Matching FICA Expense
2151	FICA Taxes Withheld	2,564.16		Payment of Employee FICA Withholding
2155	Federal Income Taxes Withheld	2,036.87		Payment of Employee FIT Withholding
2161	Tax Deferred Annuity (TDA)	745.21		Payment of Employee TDA Contributions
2167	HSA Employee Contribution	297.50		Payment of Employee HSA Withheld <i>(note: Net of HSA seed)</i>
2168	FSA Employee Contribution	143.75		Payment of Employee FSA Withheld
1115	Parish Checking		36,701.66	Net pay + FIT/FICA + TDA + HSA/FSA <i>(note: amount swept from bank)</i>
5921	Payroll Service Fee	1,030.77		Payroll Service Fee
1115	Parish Checking		1,030.77	PSO fee swept from bank
		45,464.09	45,464.09	

While some of the withholding accounts (i.e. FIT, FICA, TDA and HSA/FSA) cancel each other in the above journal entry, it is good practice to record them so that you are able to track the liability and payment in your books.

*Note: In this example, withholding and expense accounts for FICA and Medicare are combined. The Chart of Accounts provides separate accounts for these amounts. Parishes can either split or not as they choose, but the amounts must be separately reported on the employee's Form W-2.*

*Note: If the parish operates on the accrual basis, the employer's portion of FICA / Medicare would have been "accrued". The proper amount would have been charged to FICA / Medicare Expense and credited to the appropriate liability account. The liability account would be debited when payment is made.*

# ARCHDIOCESE OF SEATTLE

Another important part of the payroll process is recording the payment of the Employee Benefit Plan to CASHWP. The following entry illustrates how the bill would be recorded:

Acc. #	Description	Debit	Credit	Memo
5222	Medical Insurance – Lay	5,288.60		Employer Paid Medical Benefits
2162	Employee Medical Withheld	1,289.43		Employee Elected Dependent Coverage Premium
2163	Voluntary Elect Life Withheld	108.80		Employee Elected Voluntary Life Premiums
2169	Info Armor	20.94		Payment of Info Armor Withholding
1115	Parish Checking		6,707.77	Total Payment for Billing
		6,707.77	6,707.77	

You can see in looking at the original payroll entry, that the accounts 2162, 2163, and 2169 have been cleared and all have a zero balance. It is very important that the proper amounts are being withheld from an individual's pay to cover their elected deductions. After the process is complete, the balances of all payroll liability accounts should be zero. Payments to CASHWP must be reconciled with the actual payroll records periodically to ensure that liabilities and payments match, especially if there are changes to the employee roster after the bill was issued.

## **Accounting for Unemployment Insurance**

**Unemployment Insurance (UI): 1.0% of Employee Gross Wages.** The Archdiocese of Seattle elected in January 2019 to provide unemployment coverage for all non-appointed employees (parish and school) who work 20 hours or more per week, depending on the reason for unemployment and availability for work. UI claims are managed by the Office for Human Resources in consultation with locations. Locations will receive an invoice from the Archdiocesan Accounting Office for UI only if a claim has been approved by the Employment Security Department. Locations are strongly encouraged to build an unemployment reserve on their balance sheet to minimize or eliminate the impact of unemployment claims on the annual budget, budgeting 1% of annual employee gross wages to be set aside as a liability.

The parish may elect to build up the unemployment reserve monthly, quarterly or annually. To increase the fund:

Debit 5207 – Unemployment Insurance Expense  
Credit 2173 – Unemployment Insurance (creates liability in the Balance Sheet)

When funds are paid out for unemployment claims:

Debit 2173 – Unemployment Insurance (reduces liability in the Balance Sheet)  
Credit Checking Account



# ARCHDIOCESE OF SEATTLE

## ALLOCATING SALARY EXPENSES

If an employee splits time between two departments or entities, the preferred way to allocate this cost is with a general journal entry using Account 5270 Salary Allocations rather than attempting to split the payroll entry.

For employees working within the same entity, the journal entry would be:

Acc. #	Description	Debit	Credit	Memo
5270.80	Salary Allocations	572.80		Employee wages paid by parish that is allocated to the school
5270.10	Salary Allocations		572.80	

For multi-location employees, the journal entry for the home location would be:

Acc. #	Description	Debit	Credit	Memo
1201	Receivables	572.80		Project pay to be reimbursed by parish XYZ
5270	Salary Allocations		572.80	
Note: This entry will be made when the home location bills the project location.				

Acc. #	Description	Debit	Credit	Memo
1115	Parish Checking	572.80		Reimbursement from parish XYZ for project pay
1201	Receivables		572.80	
Note: This entry will be made when the home location receives reimbursement from the project location.				

## FINAL NOTE

The preceding is a brief summary of payroll issues. It is not to be taken as all-inclusive. In questionable cases, consult your tax advisor or the appropriate taxing authority. **The Archdiocese of Seattle does not provide income tax consulting services or advice.** For questions about payroll, please call the Payroll Services Office at (800) 348-9092 or (206) 274-7662.

# ARCHDIOCESE OF SEATTLE

APPENDIX D-1

## Setting the Housing Allowance and Reminder about Housekeeping and Housing Compensation

### Setting the Housing Allowance:

Parish Finance Councils need to annually designate the value of parish owned housing for their priest(s). To do this, the PAA, on behalf of the Finance Council:

- A. may wish to ask a real estate agent or a rental agent to give them an estimate as to The fair rental value of equivalent space elsewhere in the neighboring community. Obviously, you only want to have them do this comparing the space the priest actually uses for 'living space'. So any space used for rectory offices (not a home office), or meeting space that is never used by the priest for his personal activities, or other spaces not used by the priest, can be excluded from the value. OR
- B. another, and probably easier, method is to use one several indexes to set the value:  
<http://livingwage.mit.edu/states/53> and/or

<https://www.irs.gov/businesses/small-businesses-self-employed/local-standards-housing-and-utilities>

Additionally, for priests that have housekeepers paid by the parish or use housekeeping services paid by the parish, the value of those housekeeping services need to be added to the fair rental value to get the total housing allowance. Other "personal" housing related bills the parish is paying on behalf of the priest(s) should also be included - utilities, cable, etc.

After obtaining that value, the Finance Council can vote to approve this amount as the housing allowance. (This must happen before the beginning of the calendar year.)

Then a letter should be given to the priest with that value included, to wit:

"We have conducted an analysis of the value of parish-provided housing to you based on the fair market value of comparable square footage in the area. The value of this housing is not subject to FIT. However, the value of a housing allowance does need to be included in the computation of self-employment tax. The total value for 202x is \_\_\_\_\_" The chair of the Finance council should sign this letter.

### Housekeeping/Cooks/Shoppers/Food and compensation:

Housekeeping paid for by the parish should be treated as part of the housing compensation and included in that calculation.

Additionally, costs for cooks/shoppers paid for by the parish should be reimbursed to the parish from the priest's food allowance, and if the cost of cooks/shoppers/food exceeds the monthly food allowance, the priest would need to reimburse the parish from his paycheck. (Of course costs of cooks/shoppers are not considered part of the housing compensation.)

Please contact the Parish Financial Services office if you need further information.

# ARCHDIOCESE OF SEATTLE

## SECTION E

### CAPITAL ASSETS AND EXPENDITURES

# ARCHDIOCESE OF SEATTLE

## TABLE OF CONTENTS

### SECTION E: CAPITAL ASSETS AND EXPENDITURES

	<u>Page</u>
CAPITAL ASSETS	3
Renovation vs. Ordinary Repairs	3
Recording Unrecorded Capital Assets	4
Recording Donated Capital Assets	5
DEPRECIATION	5

# ARCHDIOCESE OF SEATTLE

## SECTION E: CAPITAL ASSETS AND EXPENDITURES

### **CAPITAL ASSETS**

A capital asset is an asset that will benefit the organization over a relatively long period of time. A purchase is a capital asset if the item cost \$10,000 or more and is expected to be useful to the organization for more than one year. If a purchase does not meet this criteria, the cost of the purchase should be recorded as an expense for the current year.

For example, a parish purchases a telephone system that costs \$10,500, and it is expected to last for 5 years. The following entry records the transaction.

ACCT #	DESCRIPTION	DEBIT	CREDIT
1530	Capital Purchase / Equipment	10,500	
1115	Cash in Checking – Parish		10,500
To record capital purchase			

Recording the purchase or construction of an asset is referred to as *capitalizing* the cost. These cost figures will remain on the parish books until the item is replaced or sold. Any new purchases will simply add to this total.

*Note: For insurance and control purposes, we recommend keeping a list of parish assets that includes description of the asset, purchase date, purchase price, location, and estimated useful life. This list should be updated at least annually. Refer to Section A.V – Inventory List.*

### **Renovation vs. Ordinary Repairs**

The cost of major renovations to parish-owned facilities should also be recorded as a capital asset if the renovation costs more than \$10,000 and is expected to be useful for more than one year. Conversely, ordinary repairs should be recorded as an expense in the current year.

For example, if a parish replaces the roof on the church building at a cost of \$15,000, the cost of replacing the roof should be capitalized and the roof would then be classified as a capital asset. The following transaction records the activity:

ACCT #	DESCRIPTION	DEBIT	CREDIT
1552	Renovations – Church	15,000	
1115	Cash in Checking – Parish		15,000
To record the cost of replacing the church roof.			

## ARCHDIOCESE OF SEATTLE

However, if a parish replaces a window which costs \$800, the cost of the replacement is recorded as an expense. The entry is:

ACCT #	DESCRIPTION	DEBIT	CREDIT
5801	Repairs	800	
1115	Cash in Checking – Parish		800
To record the replacement of a broken window.			

### When to Capitalize

There are some gray areas in determining what should be capitalized. For example, if the parish pays \$10,000 every three years to paint the parish buildings, is this a capital expenditure, or should it be classified as Repairs and Maintenance Expense? In this case, we recommend expensing the cost, but it is a matter of preference. Make decisions based on your experience and judgment.

To sort out these questions, remember the primary reason for capitalizing assets:

#### **FINANCIAL RECORDS MUST ACCURATELY REFLECT THE FINANCIAL EVENTS OF EACH YEAR.**

Large capital expenditures in any one year tend to destroy the **comparability** of one year with another. **Comparability** (the ability to compare one year with another) is essential to effective financial decision-making. Capitalization improves the comparability of your financial information.

### Recording Unrecorded Capital Assets

In some cases, parishes have assets that have not been recorded on the financial records. It is important that these items be recorded to provide an accurate picture of parish finances. The following entry records this correction:

ACCT #	DESCRIPTION	DEBIT	CREDIT
1530	Capital Purchase	30,000	
3103	Change in Fund Balance		30,000
To record the value of a previously unrecorded asset.			

The recording of previously unrecorded Statement of Financial Position items is one of the events that justifies the use of the Change in Fund Balance account (#3103).

Generally, capital assets are recorded at cost. However, if cost data is not available, replacement cost can be used.

# ARCHDIOCESE OF SEATTLE

## Recording Donated Capital Assets

Donated capital assets should be recorded using fair market value or an estimate at the time they are donated to the parish. There are several sources for determining the fair market value including classified ads, local stores, and appraisers.

For example, suppose a 2 year old car is donated to the parish. The car's value is estimated at \$12,200. The following journal entry records the transaction:

ACCT #	DESCRIPTION	DEBIT	CREDIT
1530	Capital Purchase / Equipment	12,200	
4450.10	Donated Assets		12,200
To record the donation of a car.			

The accounting reflects the *economic reality* of the event. The transaction is a donation (revenue) and the acquisition of an asset. Even though the donation of assets (other than cash) does not include cash, the parish has received an economic benefit. Economic benefit defines the term "revenue".

The donated item should only be recorded as a capital asset if it fits the definition of a capital asset, otherwise, it should be recorded as an expense (e.g., small equipment purchases and donation revenue).

*Note: This discussion is intended to address the accounting treatment of these donations. It does not deal with tax laws. The IRS has specific requirements to document tax deductibility of donations. (See Appendix A-2 for our recommendations.)*

## DEPRECIATION

Depreciation is the means of recognizing the loss in value of capital assets over time. It is also the method used to spread the cost of an asset over its "useful life". Depreciation is an essential element in accurate financial reporting. Parishes are not required to depreciate Capital Assets but may do so (see Parish Accounting Policy VI.3).

### WHY DEPRECIATE?

Depreciation normally constitutes a major part of the expenses of the parish. For example, buildings and equipment are needed in order for the parish to conduct masses and carry out its various ministries. Through its activities, the parish is able to generate revenues (either through donations, fundraising or other sources) to support its operations and enable it to continue carrying out its mission for a long time. If there is no depreciation cost to match these revenues, income will be overstated, the fixed assets in the Statement of Financial Position (or Balance Sheet) will also be overstated, and the true state of the parish's finances will not be fairly presented by the financial statements.

Capital assets are subject to normal wear and tear and therefore it is prudent for the parish to set aside funds for future major repairs or even replacement of the asset. Assuming there is no depreciation expense, and assuming all of the profits were withdrawn during the life of the asset, the parish would need to raise additional capital

# ARCHDIOCESE OF SEATTLE

when it is time to replace the fixed assets. Since depreciation is a non-cash expense, by charging depreciation against profits, the net profit available for withdrawal is lowered by the amount of the depreciation and these funds are retained in the business for future replacement.

In reality though, parishes that depreciate their assets fund major projects through capital campaigns or PRF loans and not through the amount set aside, if any, due to recording depreciation expense. It therefore raises the question of why even bother depreciating the assets. It is for this reason why depreciating assets, while it is the generally accepted accounting practice, is now optional. However, if the parish chooses not to depreciate, there should be a capitalization policy that says capital assets are to be funded by capital campaigns.

Parishes that have been recording depreciation but decide to discontinue should just stop recording depreciation at the beginning of the fiscal year immediately following the current period.

## ACCOUNTING FOR DEPRECIATION

Assets are typically assigned an estimated *useful life*, or amount of time that the asset will continue to be useful and productive. For example, a car might be deemed to have a useful life of 7 years. So depreciation allocates or spreads the original cost of the car over 7 years.

As an example, a parish buys a car for \$14,000, and it is expected to have a useful life of 7 years. The following entries show the purchase and the first journal entry recording the depreciation expense.

ACCT #	DESCRIPTION	DEBIT	CREDIT
1530	Capital Purchase / Equipment	14,000	
1115	Cash in Checking		14,000
To record the purchase of a new car.			

There are several ways of calculating depreciation. We recommend taking the total cost of the asset and dividing it by the estimated useful life:

<b>Total Asset Cost / Estimated Useful Life (in years)</b>	<b>=</b>	<b>Yearly Expense Depreciation</b>
\$14,000 car / 7 years useful life	=	\$2,000 per year depreciation

ACCT #	DESCRIPTION	DEBIT	CREDIT
6201.10	Depreciation of Equipment	2,000	
1580	Accumulated Depreciation		2,000
To record the first year's depreciation expense on the car. (Note: if the asset was put in service several months after the beginning of the fiscal year in which it was acquired, prorate the depreciation expense to the actual months in the fiscal year that the asset was in service).			



## ARCHDIOCESE OF SEATTLE

The above entry is a non-cash transaction involving an expense account and a “**contra asset**” account. By crediting the Accumulated Depreciation account (#1580), we are recognizing that the asset is losing some of its value over time. The Accumulated Depreciation account is a **contra asset**. This account should be viewed in conjunction with the related asset account, in this case Capital Purchases / Equipment (#1530):

1530	Capital Purchase / Equipment	14,000 (debit)
1580	Accumulated Depreciation	<u>2,000</u> (credit)
	Net Book Value	12,000 (debit)

By viewing the asset account and contra asset account together, we recognize that the car has lost value since we purchased it. The asset’s cost minus its related accumulated depreciation equals its **Net Book Value**.

The adjustment to record the depreciation expense and the related accumulated depreciation should be made at regular intervals (monthly, quarterly, or annually).

If the depreciation adjustment is made at the end of every fiscal year, by the end of the seventh year the credit balance in the accumulated depreciation account will equal \$14,000. At that time, the asset will be considered to have a zero Net Book Value; it will be completely “written off”.

When the asset is no longer in use, the asset and its related accumulated depreciation will be deleted from the parish books with the following journal entry:

ACCT #	DESCRIPTION	DEBIT	CREDIT
1580	Accumulated Depreciation	14,000	
1530	Capital Purchase / Equipment (car)		14,000
To write off the parish car and related depreciation.			

### When to Depreciate

**In general, if you capitalize, you should depreciate** but this is now optional. We do not recommend depreciating the original parish buildings. Parishes should have recorded building values based on the 1987-88 Insurance Valuation. Even though these buildings (churches, schools, etc.) will become worn and require renovations, over time the buildings and land will increase in value as a result of inflation. Renovations to these buildings and buildings built at a later date are, however, depreciated.

### Depreciation Guidelines

These guidelines are suggested for some common assets:

Type of Asset	Estimated Useful Life
Computers	2 - 3 years
Small Office Equipment	2 - 5 years

## ARCHDIOCESE OF SEATTLE

Vehicles	3 - 7 years
Large Equipment	7 - 10 years
Building Renovations	10 - 20 years
Buildings	20 - 30 years

### Depreciation Methods

There are a wide variety of depreciation methods to choose from. Some are called “accelerated depreciation” in that they take into account that assets may not necessarily lose value at an even rate over time. “Straight-Line” depreciation, illustrated earlier, is the easiest and most effective for parishes. You are free to explore other methods if you wish, however, we recommend the “Straight Line” method.

### Depreciation Schedule

Capital assets are put in service at different times. Estimated useful life of these assets and the depreciation method chosen for each asset may also vary. In order to facilitate the calculation of depreciation expense for the year, a depreciation schedule must be developed. At a minimum, the depreciation schedule must include a description of the asset, cost of the asset, date it was put in service, estimated life, depreciation method, depreciation expense, and book value at the end of the year. A sample depreciation schedule is in Appendix E-1.

### Sales of Depreciated Assets

When an asset is sold or otherwise disposed of, it must be removed from the financial records. This includes both the initial (capitalized) value and the appropriate accumulated depreciation. If there is a difference between the amount realized and the “Net Asset Value”, the difference is recorded in either Gain on the Sale of an Asset account #4550 or Loss on the Sale of an Asset account #6190.

Assume we are ready to sell our \$14,000 car. It has accumulated depreciation of \$8,000. Based on its Net Book Value, the car has a “cost” on our books of \$6,000 (\$14,000-\$8,000). Assume we sell it for \$7,000.

ACCT #	DESCRIPTION	DEBIT	CREDIT
1115	Cash in Checking	7,000	
1580	Accumulated Depreciation	8,000	
1530	Capital Purchase / Equipment		14,000
4550.10	Gain on Asset Sale		1,000
To record the sale of the parish car, gain on the sale, and to write off the asset and related depreciation.			

## ARCHDIOCESE OF SEATTLE

Now, if we assume the same facts, except the sales price is \$4,000.

ACCT #	DESCRIPTION	DEBIT	CREDIT
1115	Cash in Checking	4,000	
1580	Accumulated Depreciation	8,000	
6190.10	Loss on Asset Disposition	2,000	
1530	Capital Purchase / Equipment		14,000
To record the sale of the parish car, loss on the sale, and to write off the asset and related depreciation.			

It is very important that all elements of these transactions be recorded if the financial records are to accurately reflect the financial condition of the parish.

### FINAL NOTE

Capitalization and Depreciation are among the elements of any complete accounting system. Initially these concepts may appear complex, but their value and the logic involved in their implementation will become evident in a very short time.

**ARCHDIOCESE OF SEATTLE**

**SECTION F**  
**CUSTODIAL COLLECTIONS**  
**AND**  
**PARISH CUSTODIALS**

# ARCHDIOCESE OF SEATTLE

## SECTION F: CUSTODIAL COLLECTIONS AND PARISH CUSTODIALS

	<u>Page</u>
Archdiocesan Custodial Collections	3
Parish Custodials	4

# ARCHDIOCESE OF SEATTLE

## SECTION F: CUSTODIAL COLLECTIONS AND PARISH CUSTODIALS

### Archdiocesan Custodial Collections

Custodial funds are funds collected by the parish on behalf of another organization. In essence, the parish is acting as a custodian of those funds for another organization. Since these funds do not belong to the parish, they are not recorded as revenue or expense. Instead, the funds are recorded as custodial liability since the parish has an obligation to remit to the organization all funds collected.

For International, National, or Archdiocesan special collections (with the exception of the Archdiocesan Annual Catholic Appeal), those funds (whether cash, check or electronic/online giving) are to be deposited by the parish. Only if the parish's bank were to refuse to accept a check for deposit should the custodial collections be forwarded directly to the Archdiocese. One check from the parish for the amount of the custodial funds collection should be remitted to the Archdiocese no later than one month after the collection occurs. Additional checks might need to be remitted monthly as funds trickle in.

Archdiocesan Special Collections (e.g. Peter's Pence) are custodials. For example, suppose a parish collects the following over a period of two weeks for the Peter's Pence collection. The following entries would be made assuming \$400 is collected the first week, and \$500 is collected the second week.

#### Week #1

ACCT #	DESCRIPTION	DEBIT	CREDIT
1115	Cash in Checking – Parish	400	
2242	Peter's Pence Custodial		400
To record funds collected on behalf of Peter's Pence.			

#### Week #2

ACCT #	DESCRIPTION	DEBIT	CREDIT
1115	Cash in Checking – Parish	500	
2242	Peter's Pence Custodial		500
To record funds collected on behalf of Peter's Pence.			

When the parish remits the \$900 to the Archdiocese Missions Office, the following entry is made:

ACCT #	DESCRIPTION	DEBIT	CREDIT
2242	Peter's Pence Custodial	900	
1115	Cash in Checking – Parish		900
To record remittance of Peter's Pence collections.			

# ARCHDIOCESE OF SEATTLE

After all funds collected for Peter’s Pence have been forwarded to the appropriate organization, the balance in this account should be zero. At fiscal year-end (June 30<sup>th</sup>), the balance in this account should be zero unless some of the funds collected have not yet been remitted.

## **Parish Custodials**

The parish may maintain “custodial” accounts for parish and/or school ancillary organizations (e.g. Altar Society, Parents’ Club, Booster Club). These organizations may or may not have their own checking accounts. This is a local decision. If separate accounts are allowed, they must be maintained in accordance with Parish Accounting Policy XVIII.

*Regardless of the checking account decision, all these organizations must be included in the parish financial records and reported as custodial liabilities.*

*We recommend that a separate custodial account be established for each organization. The accounting for these accounts is straightforward. The following example assumes the Parents’ Club maintains its own checking account. For an organization not maintaining its own checking account, Parish Checking Account (#1115) or School Checking Account (#1117) would be substituted for Parents’ Club Checking Account (#1118).*

*The Parents’ Club organizes an auction earning \$50,000 for the school. Expenses for the event total \$7,500. The club then transfers \$25,000 to the school for support of general operations.*

ACCT #	DESCRIPTION	DEBIT	CREDIT
1118	Parents’ Club Checking	50,000	
2214	Parents’ Club Custodial		50,000
To record revenue from Auction.			

ACCT #	DESCRIPTION	DEBIT	CREDIT
2214	Parents’ Club Custodial	7,500	
1118	Parents’ Club Checking		7,500
To record expenses for Auction.			

## ARCHDIOCESE OF SEATTLE

ACCT #	DESCRIPTION	DEBIT	CREDIT
1117	School Checking	25,000	
2214	Parents' Club Custodial	25,000	
1118	Parents' Club Checking		25,000
4250.80	Parents' Club Donation		25,000
To record the transfer of \$25,000 from auction to school			

*This series of transactions results in a balance of \$17,500 in both the Parents' Club Checking Account and the Parents' Club Custodial. **These accounts must always balance.** Any adjustments should be made periodically from reports received from the club.*

*Custodial accounts are, in general, those in which the parish has no direct role in the administration of the funds. This is another area where you use your experience and judgment to make the decisions.*



# ARCHDIOCESE OF SEATTLE

## SECTION G

### PRF SAVINGS AND LOAN OPERATIONS

# ARCHDIOCESE OF SEATTLE

## TABLE OF CONTENTS

### SECTION G: PRF SAVINGS & LOAN OPERATIONS

#### SECTION G: PRF SAVINGS & LOAN OPERATIONS

PARISH REVOLVING FUND (PRF)	3
SAVINGS ACCOUNTS OPERATIONS	3
LOAN ACCOUNT OPERATIONS	6
APPENDICES:	
Appendix G-1: Requesting a Loan from the Parish Revolving Fund	
Appendix G-2: PRF Withdrawal Form	
Appendix G-3: Loan Amortization Schedule	
Appendix G-4: Quarterly Loan Statement	

# ARCHDIOCESE OF SEATTLE

## SECTION G: PRF SAVINGS & LOAN OPERATIONS

### PARISH REVOLVING FUND (PRF)

The Parish Revolving Fund is the savings and loan organization administered by the Archdiocese. The PRF was established to allow parishes to assist each other by providing funds for loans at lower-than-market interest rates. The interest rates as of this publication are 1% for savings accounts and 2% for loans. The PRF commission has the right to change these rates as they deem necessary.

Parishes with funds in excess of those needed to meet 45 days of parish operating expenses are required by Archdiocesan policy to deposit the funds into the PRF.

Parishes may have multiple PRF savings accounts. While there is no limit to the number of accounts a parish chooses to maintain, the parish should not use the PRF to substitute for funds management and tracking that are better done within the parish's accounting practices and records.

Loans made from PRF deposits are granted by the Archbishop after approval by the PRF Commission. The steps to be undertaken by the parish prior to presenting their loan request to the PRF Commission is contained in Appendix G-1. For more information, contact the Director of Parish Financial Services (206) 382-4585 or (800) 768-7986.

### Archdiocesan Revolving Fund (ARF)

The Archdiocesan Revolving Fund was established for non-parish Archdiocesan organizations (e.g. Archdiocesan High Schools) and no parish funds are included in the ARF. For further information, contact the Director of Parish Financial Services (206) 382-4585 or (800) 768-7986.

### SAVINGS ACCOUNTS OPERATIONS

#### New Accounts

To open a savings account, send a check payable to "CCAS" or "PRF" to *Parish Financial Services* with a brief, written request that the account be opened and a title of the account (e.g. Church Renovation, Food Bank). The request must be signed by an Authorized Signer (usually the pastor). You will receive a savings account number which will appear on your quarterly statement.

#### Deposits

To make a deposit send a check payable to "CCAS" or "PRF" to *Parish Financial Services*. There are three important items to remember when sending your payment

1. **Address the envelope to the attention of the PRF.** If this is not done, processing could be delayed.
2. **Include your PRF or ARF account number on the check.** All deposits are credited to your account on the day received. Failing to include your savings

# ARCHDIOCESE OF SEATTLE

account number, particularly if your parish has multiple accounts, may cause a delay or an error in crediting the deposit to the correct account.

- 3. Do not combine PRF deposits or loan payments with other Archdiocesan payments.** The PRF is a separate fund. Combining PRF transactions with others on the same check will slow processing by at least 1 day and possibly up to 3 days.

When you deposit funds into the PRF, you are simply transferring assets from one place to another. Deposits and transfers of cash do not represent expenditures, even though you will record them as cash disbursements. The transaction in your disbursements journal should look like this:

ACCT #	DESCRIPTION	DEBIT	CREDIT
1160	Cash in Savings – PRF	1,000	
1115	Cash in Checking		1,000
To transfer excess funds to PRF savings.			

## Withdrawals

To withdraw funds from an existing savings account, send a completed withdrawal form, signed by the pastor or other authorized signer, requesting a withdrawal of funds. It is important that the PRF or ARF account number be included on the withdrawal form. The withdrawal request should be sent to Parish Financial Services and addressed to the attention of the PRF. Faxed requests (206) 382-4279 will be processed. The withdrawal form (Appendix G-2) may be downloaded from the CCAS website: <http://www.seattlearchdiocese.org/Archdiocese/PFS/Forms.aspx>.

PRF withdrawals are approved, in all cases, by the Director of Parish Financial Services (PFS), and if the request is the result of construction or maintenance activity, the Director of Property and Construction Services. PFS will process the request and disburse the funds by the end of the second business day in the case of operational withdrawals, and by the end of the second day following Property and Construction approval in the case of building and maintenance requests. It is critical that appropriate documentation be sent to Property and Construction either in advance of or with the withdrawal request.

PRF will issue a check to the parish or electronically transfer the funds. The withdrawal form includes spaces for bank name, bank account and routing numbers.

Withdrawals of savings deposits do not represent revenue to the parish. They are simply transfers of assets. When the parish receives the funds, the event is entered as a cash receipt as follows:

## ARCHDIOCESE OF SEATTLE

ACCT #	DESCRIPTION	DEBIT	CREDIT
1115	Cash in Checking	1,000	
1160	Cash in Savings – PRF		1,000
To record the receipt of a PRF withdrawal			

# ARCHDIOCESE OF SEATTLE

**Bank Terminology:**

Remember that the bank's (PRF's) financial records are the opposite of yours. When you make a deposit, you are **debiting** your savings account while the bank is **crediting** your account. Your deposits are assets to you, but liabilities to the bank. So, when the bank tells you that they have "credited" your account, that's good for your parish.

**Interest Income**

Parishes may print out their monthly or quarterly PRF account statements via DLS online. Only annual statements are to be mailed by Parish Financial Services to the parish. This statement details the beginning balance in the account, any deposits or withdrawals for the quarter, the interest earned since the previous statement, and the ending balance.

The interest earned represents income to the parish and it increases the balance in the parish's PRF account. To record interest income, a journal entry is required since the interest income is not represented by a cash receipt. The following General Journal entry is made:

ACCT #	DESCRIPTION	DEBIT	CREDIT
1160	Cash in Savings – PRF	335	
4501.10	Interest Income – PRF		335
To record interest earned on savings and to adjust the cash account accordingly.			

After this adjustment is made, the ending balance on the quarterly Archdiocesan savings statement should agree to the balance in the parish financial records. However, you may have reconciling items if deposits or withdrawals occurred after the statement date. The PRF accounts, like any bank accounts, should be reconciled when the statements are received.

**LOAN ACCOUNT OPERATIONS**

When a parish receives a loan from the PRF, it has incurred a liability. Loan proceeds do not represent revenue to the parish. Likewise, loan principal payments are not considered expenses of the parish, but rather are decreases in the PRF Loan liability account. Loan interest payments are, however, an expense to the parish.

The receipt of loan proceeds should be reflected in the parish as a cash receipt as follows:

June 30<sup>th</sup>

ACCT #	DESCRIPTION	DEBIT	CREDIT
1115	Cash in Checking	60,000	
2301	PRF Loan		60,000
To record the receipt of PRF loan proceeds and to record the related liability.			

# ARCHDIOCESE OF SEATTLE

## Loan Payments

When payments are made on a PRF loan, a portion of the payment reflects the interest charged for borrowing money and the remaining amount represents a payment on the principal which reduces the outstanding balance of the loan. Make sure to include your loan account number on the check when making payments as well as on withdrawal requests.

The loan amortization table Appendix G-3 indicates the payment split between interest and principal. Appendix G-4 is a sample of the quarterly PRF loan statement. Using the loan amortization table in Appendix G-3, the loan payments should be recorded as follows:

### July 31

ACCT #	DESCRIPTION	DEBIT	CREDIT
2301	PRF Loan	833.34	
5505-10	Interest Expense – PRF / ARF	343.97	
1115	Cash in Checking		1,200.00
To record the first payment on the PRF loan.			

### August 31

ACCT #	DESCRIPTION	DEBIT	CREDIT
2301	PRF Loan	860.81	
5505-10	Interest Expense – PRF / ARF	339.19	
1115	Cash in Checking		1,200.00
To record the second payment on the PRF loan.			

### September 30

ACCT #	DESCRIPTION	DEBIT	CREDIT
2301	PRF Loan	876.53	
5505-10	Interest Expense – PRF / ARF	323.47	
1115	Cash in Checking		1,200.00
To record the third payment on the PRF loan.			

All PRF and ARF loans are simple interest loans. This means that if payments are made on time, the interest and principal amounts detailed on the loan amortization table (Appendix G-3) should agree to the interest and principal amounts listed on the loan payment activity statement (Appendix G-4). Interest is calculated daily and, if payments are made late, additional interest will be charged. Conversely, if payments are made early, the interest will be decreased.

For example, if the \$1,200 payment due on September 30<sup>th</sup> was paid on October 15<sup>th</sup>, the interest expense is \$485.21 and the amount of principal payment is \$714.79. An adjustment must be made to correct the ending loan balance.

## ARCHDIOCESE OF SEATTLE

This amount is determined by comparing the ending balance on the loan payment activity statement (Appendix G-4) with balance in account 2301 – PRF Loan. Such a comparison is illustrated below:

Ending Balance - quarterly statement	57,590.56 (credit)
Ending Balance - Parish Books (★ see example)	<u>57,428.82 (credit)</u>
DIFFERENCE	161.74 (credit)

To correct the parish financial records, the following adjustment is made:

ACCT #	DESCRIPTION	DEBIT	CREDIT
5505-10	Interest Expense – PRF / ARF	161.74	
2301	PRF Loan		161.74
To adjust PRF Loan balance.			

### ★ Example of Ending Balance in Parish Books

The ending loan balance per the parish books follows:

Original Loan Balance		60,000.00 (credit)
Less 3 payments	<833.84>	
	<860.81>	
	<u>&lt;876.53&gt;</u>	
		<u>2,571.18</u>
Ending Loan Balance		57,428.82

The parish could also choose to adjust the PRF loan balance and record interest expense on a quarterly basis when the loan statement is received. Another approach is to adjust the loan balance at the end of the fiscal year.

If this option is selected, the entire payment is debited to expense when made. The adjusting entry decreases the expense (a credit) and reduces the loan balance (a debit). This method is most useful if the report recipients are not proficient in double entry accounting.

After this entry, the ending balance in the PRF Loan account will agree to the ending balance on the loan account statement (Appendix G-2) as follows:

Beginning Balance Parish PRF Debt (#2301)	<60,000.00> (credit)
PRF Payments – principal portion	2,409.44 (debit)
Corrected Net Ending Balance Parish PRF Loan	<u>&lt;597,590.56&gt; (credit)</u>
Ending Balance from Exhibit A	<u>&lt;57,590.56&gt; (credit)</u>
DIFFERENCE	0.00



# ARCHDIOCESE OF SEATTLE

Your loan amortization schedule is an estimated breakdown between principal and interest for each of your loan payments. Due to the timing of each parish's check-writing and to the variability of mail service, it is doubtful that your payments will always be received by Parish Financial Services exactly on their due dates. For this reason, it will usually be necessary to make adjustments to your ending loan balance. Parish Financial Services will transfer the payment from the parish's savings account to the loan on the correct date, if the parish requests.

You may use the loan amortization schedule as an estimate of the interest and principal breakdown of your payments, or you may employ the method of coding your entire payment to expense, adjusting the ending balance later. This decision will normally be based on the wishes of the Pastor and / or Finance Council. Reports must be understandable to the persons receiving them.

## STOCK DONATIONS

Parish Financial Services (PFS) also handles stock donations. To make a donation, fill out the stock donation form (available for download from the PFS website) and e-mail, mail or fax the completed form to PFS. Additional instructions are on the form. Acknowledgment receipt for the stocks donated will be mailed by PFS to the donor with an e-mail copy to the parish.

## FINAL NOTE

The PRF is the Savings and Loan entity for parishes and their schools. As of the date of this publication, PRF savings accounts pay interest at 1%, while loans are granted at 2% to parishes who have invested in the PRF (savings accounts). The loan interest rate is guaranteed for the first 5 years of the loan, at which time the interest rate may be adjusted. For further information, call the Director of Parish Financial Services at (206) 382-4585 or (800) 768-7986.

Parishes should limit their PRF savings accounts to seven if the parish has no school and cemetery, and additional two accounts each if the parish has a school and/or cemetery. A maintenance fee may be charged to accounts that are over the limit. The PRF will inform the parish when an account is over the limit and fees, if any, that may be charged. The PRF Commission will periodically review the account limits.

Savings deposits, withdrawals, loan proceeds and principal payments are not revenue or expenses. Interest paid is an expense and interest received is a revenue.

# ARCHDIOCESE OF SEATTLE

APPENDIX G-1

## Requesting a Loan from the Parish Revolving Fund

### I. Request is for a Capital Project

The pastoral leader of the parish or mission should write a letter to the Archbishop describing the project. The Archbishop will then forward that information to the Director of Property and Construction, who will contact the pastoral leader.

After further discussion with the Director of Property and Construction and perhaps the Archdiocesan Building Commission to refine the project, the pastoral leader will begin discussion with the Director of Parish Financial Services to discuss a feasibility study.

If a loan to finance the cost of the project could not be covered by surplus ordinary income as shown by recent years' history of parish finances, the Parish Financial Services office will provide names of capital campaign companies from which the parish would choose the company to perform a feasibility study.

After the results of the feasibility study are known, the parish or mission will work with the Director of Property and Construction to refine the project in preparation for a capital campaign. At that point, the Chief Financial Officer of the Archdiocese would give the parish or mission permission to conduct a capital campaign.

After the capital campaign is complete, and a projection can be made of the funds that will be able to be raised, the parish or mission would work with the Director of Property and Construction to finalize the project. At that point, the parish or mission would approach the Parish Revolving Fund Commission to request a loan. The parish or mission would submit a funding and financing plan (template provided by the Parish Financial Services office), recent financial statements, and a formal request to borrow in the form of a letter from the pastoral leader describing the project.

### II. Request for Short Term Line of Credit

If the request is for a short term line of credit to help a parish or mission finance operations for the short term, the pastoral leader would make a request to the Director of Parish Financial Services. The parish or mission would provide recent financial statements and a cash flow spreadsheet that would show how the line of credit would be paid off in no less than a year.

# ARCHDIOCESE OF SEATTLE

APPENDIX G-2

FAX: 206-382-4279

ARCHDIOCESE OF SEATTLE

## WITHDRAWAL REQUEST FORM REVOLVING FUNDS

Date:

TO: Fax # (206) 382-4279  
CCAS  
Parish Financial Services  
710 9<sup>th</sup> Ave  
SEATTLE, WA 98104-2017

Withdraw Amount: \$ \_\_\_\_\_

From Fund:  
1)  PRF    2)  ARF    3)  NPF

FROM: Faxed by: \_\_\_\_\_  
Parish/Org:  \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ Zip:  \_\_\_\_\_  
Tel ( )  - Fax: \_\_\_\_\_

From Control #: \_\_\_\_\_  
(Example: 1/108 = fund /parish ID.)

From Account #:  
 Savings: \$ \_\_\_\_\_  
 Loan: L \_\_\_\_\_

Is this from a PRF Account that is designated as 'restricted'?  YES  NO

If Yes, please describe how this transfer conforms with that restricted purpose \_\_\_\_\_

Signature(s): \_\_\_\_\_ Title: \_\_\_\_\_

\_\_\_\_\_ Title: \_\_\_\_\_

### 1) For savings or loan withdrawal, check one:

- OPERATING EXPENSES
- CONSTRUCTION

Please note: Pastors are hereby delegated to sign contracts up to \$25,000 with the following exceptions:

- a) the project requires a building permit;
- b) the project involves worship space;
- c) the total cost of remodeling exceeds \$25,000 and the work is done under several contracts;
- d) the contracts are for architectural services;
- e) ~~the~~ contracts are asbestos-related, including removal.

(See Many Gifts One Spirit: Administration and Finance Policy XXVII.)

(Please include a brief description of the work to be covered by this request.) \_\_\_\_\_

MAINTENANCE *(Please include a brief description of the work to be covered by this request.)*  
\_\_\_\_\_

PROPERTY / EQUIPMENT PURCHASE *(describe below)*

OTHER: \_\_\_\_\_

### 2) Please Check One:

Wire transfer to checking account – please complete Bank information below.

ACH transfer to checking account. *(Saves you on Bank Fees. Transfer schedule every Tuesday and Thursday. Withdrawal request received before 10:00 am Tuesday will be processed on Thursday. If received before 10:00 am Thursday will be processed the following Tuesday).*

Bank \_\_\_\_\_ (Routing) ABA# \_\_\_\_\_ Acct# \_\_\_\_\_

Send Check  Transfer to Savings or Loan # \_\_\_\_\_

\*\*\*Please fill out all information above, incomplete forms delays processing\*\*\*

**Note: (If the withdrawal request is for construction, please allow additional time, for the Property and Construction office to process and authorize.)**

**\*\*If all paperwork is completed and signed by 2pm, the check will be mailed the same day. Once the check is put in the mail, we cannot rescind this action. If timely arrival of funds is needed, the wire transfer option should be considered\*\*.**

\*\*\*\*\*  
For office use only:      Initials: \_\_\_\_\_

Revised October 2018

# ARCHDIOCESE OF SEATTLE

APPENDIX G-3

(Loan Amortization Schedule)

ARCHDIOCESE OF SEATTLE  
710 Ninth Avenue  
Seattle WA 98104-2017  
Tel: (206) 382-4845

MATURITY DATE
7/31/2031

Our Lady of Positive Cash Flow Parish  
1213 Paradise Road  
Heaven Bend, WA 98765-4321

### PROJECTED AMORTIZATION SCHEDULE

Tel: (123) 456-7890  
Fax: (123) 456-0987  
Email: [paa@narcish.org](mailto:paa@narcish.org)

CN/Account #  
1/999 L123456

PRINCIPAL BALANCE AS OF: ACCRUED  
INTEREST AS OF:

6/24/2016	0.00
6/24/2016	0.00

PROPOSED LOAN	DATE APPROVED
365,000.00	8/25/2016
Total Amount Drawn	As of:
0.00	

INTEREST RATE	5.50%	ANNUAL
LOAN TERM (MONTHS)	180	PAYMENT
MONTHLY PAYMENT	2,985.06	35,820.77
QUARTERLY ADDITIONAL PMT.	0.00	
ANNUAL ADDITIONAL PMT.	0.00	
BALLOON PAYMENT	0.00	

PMT #	DATE	PAYMENT	INTEREST	PRINCIPAL	ENDING BAL
1	7/31/2016	2,985.06	1,700.34	1,284.72	363,715.28
2	8/31/2016	2,985.06	1,694.36	1,290.71	362,424.57
3	9/30/2016	2,985.06	1,633.86	1,351.18	361,073.39
4	10/31/2016	2,985.06	1,682.05	1,303.01	359,770.37
5	11/30/2016	2,985.06	1,621.92	1,363.15	358,407.23
6	12/31/2016	2,985.06	1,669.63	1,315.43	357,091.79
7	1/31/2017	2,985.06	1,668.06	1,317.00	355,774.79
8	2/28/2017	2,985.06	1,501.08	1,483.99	354,290.80
9	3/31/2017	2,985.06	1,654.97	1,330.09	352,960.71
10	4/30/2017	2,985.06	1,595.58	1,389.49	351,571.22
11	5/31/2017	2,985.06	1,642.27	1,342.79	350,228.43
12	6/30/2017	2,985.06	1,636.00	1,349.07	348,879.37
Totals: FY 2016/2017		35,820.77	19,700.13	16,120.63	
13	7/31/2017	2,985.06	1,629.70	1,355.37	347,524.00
14	8/31/2017	2,985.06	1,623.37	1,361.70	346,162.30
15	9/30/2017	2,985.06	1,564.84	1,420.22	344,742.08
16	10/31/2017	2,985.06	1,610.37	1,374.69	343,367.39
17	11/30/2017	2,985.06	1,552.21	1,432.86	341,934.53
18	12/31/2017	2,985.06	1,597.26	1,387.81	340,546.72
19	1/31/2018	2,985.06	1,500.77	1,394.29	339,152.43
20	2/28/2018	2,985.06	1,430.94	1,554.12	337,598.31
21	3/31/2018	2,985.06	1,577.00	1,408.06	336,190.25
22	4/30/2018	2,985.06	1,519.76	1,465.30	334,724.95
23	5/31/2018	2,985.06	1,563.58	1,421.49	333,303.46
24	6/30/2018	2,985.06	1,556.94	1,428.13	331,875.34
Totals: FY 2017/2018		35,820.77	18,816.74	17,004.03	
25	7/31/2018	2,985.06	1,550.27	1,434.80	330,440.54
26	8/31/2018	2,985.06	1,543.56	1,441.50	328,999.04
27	9/30/2018	2,985.06	1,487.26	1,497.81	327,501.24
28	10/31/2018	2,985.06	1,529.83	1,455.23	326,046.01
29	11/30/2018	2,985.06	1,473.91	1,511.16	324,534.85
30	12/31/2018	2,985.06	1,515.98	1,469.09	323,065.76
31	1/31/2019	2,985.06	1,509.12	1,475.95	321,569.82
32	2/28/2019	2,985.06	1,356.84	1,628.22	319,991.60
33	3/31/2019	2,985.06	1,494.62	1,490.45	318,471.15

# ARCHDIOCESE OF SEATTLE

APPENDIX G-4

(Quarterly Statement)

## Loan Statement

### OUR LADY OF POSITIVE CASH FLOW

Attn: REV JOHN SMITH  
1213 PARADISE ROAD  
HEAVEN BEND, WA 98765-4321

Loan: 999                                      L123456  
PRF: PROPERTY PURCHASE

Statement For Dates: 1/1/2017 - 3/31/2017

#### Account Summary

	Interest	Principal
Previous Balance:	\$280.02	\$169,397.84
Additional Borrowing/Debits:	\$2,289.89	\$0.00
Payments/Credits:	(\$2,318.18)	(\$2,343.76)
Adjustments:	\$0.00	\$0.00
Ending Balance:	\$251.73	\$167,053.88

#### Activity Detail

Date	Type	Description	Total Amt	Applied	
				Principal	Interest
2/21/2017	Pymt	P4168 PMT-CK#1234	(\$1,553.98)	\$0.00	(\$1,553.98)
3/1/2017	Pymt	P4174 PMT-CK#1235	(\$1,553.98)	(\$1,298.39)	(\$257.59)
3/21/2017	Pymt	P4189 PMT-CK#1236	(\$1,553.98)	(\$1,047.37)	(\$506.61)
3/31/2017	Int.	Interest Accrued During Period	\$2,289.89	\$0.00	\$0.00

\* \* \* \* \*

Interest Accrued This Period:    \$2,289.89

Interest Rate At End Of Period:    5.50%

# ARCHDIOCESE OF SEATTLE

## SECTION H RESTRICTED FUNDS

# ARCHDIOCESE OF SEATTLE

## TABLE OF CONTENTS

### SECTION H: RESTRICTED FUNDS

	<u>Page</u>
Restricted Donations	3
Restricted vs. Designated Funds	
Accounting for Restricted Donations	
Permanently Restricted Donations	4
Accounting for Designated Funds	5

# ARCHDIOCESE OF SEATTLE

## SECTION H: RESTRICTED FUNDS

### Restricted Donations

Restricted donations are donations restricted by the donor for a particular program or purpose. Restricted donations cannot legally be used for any other purpose. Parish leadership should exercise care in accepting these donations if the program or purpose isn't part of the parish mission. For example, if a parishioner wishes to donate an amount of money to purchase a particular statue, the parish should determine if this statue is something the community wants to purchase.

### Restricted vs. Designated Funds

In many cases, revenues already recorded by the parish are being set aside for a particular purpose. For example, the Pastor and/or the Financial Council decides to set aside the Annual Appeal rebate to fund renovations. Since the "restriction" is internal, this becomes a designated fund (Account 32XX) and should show up in the Fund Balance section if the parish chooses to show it separately. The designation should be documented (e.g., through minutes of the Finance Council meeting or a memo from the pastor). Designated funds can be un-designated anytime, unlike restricted funds that cannot be unrestricted without the donor's permission. Designated funds are unrestricted Net Assets because the "restriction" is not imposed by the donor.

### Accounting for Restricted Donations

The accounting for restricted donations is relatively straightforward. The donation is not revenue until the restriction has been fulfilled (i.e., the funds have been spent on the program or purpose specified by the donor). Until this time, the parish has a liability or obligation to hold the funds until the restriction is fulfilled. The example below will make this process more understandable.

*The parish receives a donation of \$10,000 to repair and weatherize the church windows. A liability is recorded since the parish has an obligation to spend the funds for the intended purpose. The following entry records the activity:*

ACCT #	DESCRIPTION	DEBIT	CREDIT
1115	Cash in Checking	10,000	
2401	Restricted – Window Replacement		10,000

*When the windows are repaired, the parish has fulfilled its obligation to the donor and no longer has a liability for the funds. The parish can also now recognize the revenue. The following entries record the payment for the project and the recognition of the restricted donation revenue:*



## ARCHDIOCESE OF SEATTLE

ACCT #	DESCRIPTION	DEBIT	CREDIT
1550	Repairs and Renovations	10,000	
1115	Cash in Checking		10,000
Repair of windows.			

ACCT #	DESCRIPTION	DEBIT	CREDIT
2401	Restricted – Window Replacement	10,000	
4120.10	Capital Improvement Revenue		10,000
To reduce liability and recognize restricted revenue.			

**It is very important that the second entry (recognizing the revenue) be made.** This provides an accurate representation of the event with all elements documented.

### **Permanently Restricted Donations**

Permanently restricted amounts are recorded in essentially the same manner with one important exception. The donations are recorded in a Fund Balance (#32XX) account and the donations are never recorded as revenue to the parish. The funds are maintained as both an Asset Account (#14XX) and a Fund Balance Account (#32XX). The primary examples of Permanently Restricted Funds are Endowments, School Education Funds and Cemetery Care Funds.

Again, please note that inclusion in Permanently Restricted Funds is based on donor restrictions. If parish/school leadership commits funds to this Endowment, it is categorized as “Funds Functioning as Endowment”.

The following example illustrates the accounting for this type of Fund.

ACCT #	DESCRIPTION	DEBIT	CREDIT
1115	Cash in Checking	100,000	
3215	Endowment Fund		100,000
To record collection of Endowment Funds			

ACCT #	DESCRIPTION	DEBIT	CREDIT
1415	Endowment Fund Assets	100,000	
1115	Cash in Checking		100,000
Investment in Endowment			

# ARCHDIOCESE OF SEATTLE

Note: The alternative method to Fund Balance Accounting is Restricted Net Asset Accounting. A description of this method is attached as Appendix H-1.

## Accounting for Designated Funds

The Appeal Rebate is one account that parishes designate for a specific purpose. The Appeal Rebate must be recognized as revenue once received. Assuming the Finance Council designates the Appeal Rebate of \$15,000 to fund parish hall renovations, the entry would be:

ACCT #	DESCRIPTION	DEBIT	CREDIT
3101	Fund Balance – Beginning of Period	15,000	
3245	Appeal Rebate – Parish Hall Renovation		15,000
To designate Appeal Rebate for parish renovations.			

When the funds are spent for the renovation expenses, the entry would be:

ACCT #	DESCRIPTION	DEBIT	CREDIT
1550	Repairs/Renovations	3,000	
1115	Cash in Checking		3,000
<i>Note: While the amount is less than \$3,000, the expense is capitalized since this is only part of the total cost of \$15,000.</i>			

At the end of the month, the adjusting journal entry would be:

ACCT #	DESCRIPTION	DEBIT	CREDIT
3245	Appeal Rebate – Parish Hall Renovation	3,000	
3101	Fund Balance – Beginning of Period		3,000
<i>Note: This returns part of the designated funds (i.e. amount that has been spent) to unrestricted Net Assets. If there were several disbursements during the month, the amount in this journal entry should equal the total disbursements for the month.</i>			

When the entire \$15,000 has been spent, the balance of account 3245 must be zero and the full amount returned to account 3101.

# ARCHDIOCESE OF SEATTLE

## APPENDIX H-1

### RESTRICTED FUNDS

Several years ago, the American Institute of Certified Public Accountants (AICPA) reviewed accounting policies and procedures applicable to non-profit entities. While this review was instigated by the well-publicized financial problems of a few “Televangelists”, the results impact all non-profit organizations. One area of review was the standards for financial reporting by non-profits. Statement 117 of the Financial Accounting Standards Board (FASB) provides the basis for the revised financial reporting requirements.

The new reporting requirements are based on the split of the Statement of Financial Position (formerly Balance Sheet) into three categories:

1. Unrestricted
2. Temporarily Restricted (e.g., building drive collections, donations for specific items, etc.)
3. Permanently Restricted (e.g. Endowment Funds, Cemetery Care Funds, etc.)

**The donor must impose these restrictions.** Restrictions imposed by parish leadership are included in the Unrestricted Net Assets section. If you have been using the Designated Fund Balance accounts you have been accomplishing much of this separation.

Parishes conducting building drives will face the most drastic changes. Fund Balance Accounting called for collections to be recorded as Restricted Revenue (a liability). When the restriction was fulfilled (e.g. the funds were spent for the purpose they were intended) the revenue was “recognized” by recording revenue and decreasing the restricted revenue liability. In this, pledge collections are recorded as revenue in the Temporarily Restricted Net Asset Section of the parish’s financial records. All activity runs through the Statement of Financial Activities (formerly Income Statement). We have attached sample reporting forms to illustrate these changes.

#### Statement of Financial Position (Balance Sheet)

- Exhibit A is a sample of the format we recommend
- Exhibit B is a more condensed version
- Exhibit C is a more detailed version

In our opinion, Exhibit A seems to be the most reasonable compromise for this statement.

#### Statement of Financial Activities (Income Statement)

- Exhibit D is the recommended version; this version includes an account for “Net Assets Released from Restrictions” as a revenue (in the Current Fund) and a “contra-revenue” in the Temporarily Restricted Net Assets.
- Exhibit E is a more condensed version
- Exhibit F is a non-fund approach

An example will make this more understandable:

## ARCHDIOCESE OF SEATTLE

The parish receives a donation of \$10,000 to repair and weatherize the church windows. At the time the donation is received, the following entry records the activity:

ACCT #	DESCRIPTION	DEBIT	CREDIT	
	Temp. Restricted Cash in Checking	10,000		Temp. Restricted Net Assets
	Temp. Restricted Donations		10,000	Temp. Restricted Net Assets
To Record Temporarily Restricted Donation				

Note: If the parish's books were closed at this point, the \$10,000 would flow through the statement of Activity to the Temporarily Restricted Net Assets on the Statement of Financial Position (Balance Sheet).

When the windows are repaired, the following entry will release the restriction:

ACCT #	DESCRIPTION	DEBIT	CREDIT	
	Unrestricted Cash in Checking	10,000		Unrestricted Net Assets
	Temporarily Restricted Cash in Checking		10,000	Temp. Restricted Net Assets
To record release of restrictions of cash				

ACCT #	DESCRIPTION	DEBIT	CREDIT	
	Net Assets Released from Restrictions	10,000		Temp. Restricted Net Assets
	Net Assets Released from Restrictions		10,000	Unrestricted Net Assets
To record release of restrictions				

ACCT #	DESCRIPTION	DEBIT	CREDIT	
	Repairs/Maintenance Costs	10,000		Unrestricted Net Assets
	Unrestricted Cash in Checking		10,000	Unrestricted Net Assets
To record window repair				

As you can see, the accounting entries are very similar to our previous method. Revenue is recognized in the current fund after being recorded as Restricted when received. The difference is that the restriction is maintained by means of a fund rather than as an account on the balance sheet.

## ARCHDIOCESE OF SEATTLE

Permanently restricted amounts are recorded in the same manner with the very important exception that they are never released from the restrictions. School Endowment Funds are the primary example of these funds. Again, please note that inclusion in permanently restricted funds is based on donor restrictions. If parish/school leadership commits funds to this fund, it is categorized as “Funds Functioning as Endowment”. These funds may be invested in the same fund as permanently restricted funds (an endowment fund) but they must be segregated in the financial records.

Again, an example will help. Assume the parish/school conducts a drive and obtains collections of \$100,000 for the endowment fund. At the same time, the pastor approves the consultative groups’ recommendation that \$50,000 from the parish’s surplus be donated to the endowment. The following entries record the transaction:

ACCT #	DESCRIPTION	DEBIT	CREDIT
	Cash in Permanently Restricted Checking	100,000	
	Donations – Perm. Rest.		100,000
To record collection of Endowment Funds			

ACCT #	DESCRIPTION	DEBIT	CREDIT
	Intra-fund Transfer	50,000	
	Donations to Funds Functioning as Endowment		50,000

ACCT #	DESCRIPTION	DEBIT	CREDIT
	Permanently Restricted Endowment Fund Assets	100,000	
	Funds Functioning as an Endowment Fund	50,000	
	Cash in Permanently Restricted Checking		100,000
	Unrestricted Cash in Checking		50,000
Investment in Endowment			

**Recording Revenue:**

Note: FAS Statement 116 states that pledges will be recorded as revenue when they are considered promises to pay. The policy for parish accounting is that pledges should be recorded as revenue if the parish/school is prepared to submit the pledges to a collection agency if they are not fulfilled. If the parish/school is not willing to submit pledges to collection, they should not be considered revenue (either restricted or general) until funds are collected.

# ARCHDIOCESE OF SEATTLE

**Exhibit A**

SAMPLE DIOCESAN FINANCIAL STATEMENT (EXAMPLE)  
 (NON-FUND APPROACH/COLUMNAR)  
 STATEMENT OF FINANCIAL POSITION  
 for the year ended June 30, 2008

<u>Assets</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2008 Total Funds</u>
Cash and Cash Equivalents	\$ XXX,XXX	\$ XXX,XXX	\$ XXX,XXX	\$ XXX,XXX
Pledges Receivable (net)	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Accounts Receivable (net)	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Accrued Interest Receivable	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Short-term Investments	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Assets Restricted to Investment in Land, Building and Equipment	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Assets Held as Custodian	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Endowment Assets	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Land, Building and Equipment (net)	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
<b>Total Assets</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>
<u>Liabilities and Net Assets</u>				
Accounts Payable	\$ XXX,XXX			\$ XXX,XXX
Accrued Expenses	XXX,XXX			XXX,XXX
Annuity Liabilities	XXX,XXX			XXX,XXX
Funds Held for Others	XXX,XXX			XXX,XXX
<b>Total Liabilities</b>	<b>XXX,XXX</b>			<b>XXX,XXX</b>
<u>Net Assets:</u>				
Unrestricted	XXX,XXX			XXX,XXX
Temporarily Restricted		XXX,XXX		XXX,XXX
Permanently Restricted			XXX,XXX	XXX,XXX
<b>Total Net Assets</b>	<b>XXX,XXX</b>	<b>XXX,XXX</b>	<b>XXX,XXX</b>	<b>XXX,XXX</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>

# ARCHDIOCESE OF SEATTLE

**Exhibit B**

SAMPLE DIOCESAN FINANCIAL STATEMENT (EXAMPLE)  
 (NON-FUND APPROACH/NON-COLUMNAR)  
 STATEMENT OF FINANCIAL POSITION  
 for the year ended June 30, 2008

<u>Assets</u>	<u>2008</u>	<u>2007</u>
Cash and Cash Equivalents	\$ XXX,XXX	\$ XXX,XXX
Pledges Receivable (net)	XXX,XXX	XXX,XXX
Accounts Receivable (net)	XXX,XXX	XXX,XXX
Accrued Interest Receivable	XXX,XXX	XXX,XXX
Short-term Investments	XXX,XXX	XXX,XXX
Assets Restricted to Investment in Land, Building and Equipment	XXX,XXX	XXX,XXX
Assets Held as Custodian	XXX,XXX	XXX,XXX
Endowment Assets	XXX,XXX	XXX,XXX
Land, Building and Equipment (net)	XXX,XXX	XXX,XXX
	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>
	<hr/>	<hr/>
<b><u>Liabilities and Net Assets</u></b>		
Accounts Payable	\$ XXX,XXX	\$ XXX,XXX
Accrued Expenses	XXX,XXX	XXX,XXX
Annuity Liabilities	XXX,XXX	XXX,XXX
Funds Held for Others	XXX,XXX	XXX,XXX
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>XXX,XXX</b>	<b>XXX,XXX</b>
<b>Net Assets:</b>		
Unrestricted	XXX,XXX	XXX,XXX
Temporarily Restricted	XXX,XXX	XXX,XXX
Permanently Restricted	XXX,XXX	XXX,XXX
	<hr/>	<hr/>
<b>Total Net Assets</b>	<b>XXX,XXX</b>	<b>XXX,XXX</b>
	<hr/>	<hr/>
<b>Total Liabilities and Net Assets</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>
	<hr/>	<hr/>



# ARCHDIOCESE OF SEATTLE

**Exhibit C**

**SAMPLE DIOCESAN FINANCIAL STATEMENT (EXAMPLE)  
(FUND APPROACH/COLUMNAR)  
STATEMENT OF FINANCIAL POSITION  
for the year ended June 30, 2008**

Assets	Unrestricted					Total Unrestricted	Temporarily Restricted Cathedral Campaign Fund	Permanently Restricted Catholic Education Fund	2008 Total Funds
	Current or General Fund	Board Designated Fund	Deposit and Loan Fund	Endowment and Similar Funds	Plant Fund				
Cash and Cash Equivalents	\$ XXX,XXX	\$ XXX,XXX					\$ XXX,XXX		\$ XXX,XXX
Pledges Receivable (net)	XXX,XXX						XXX,XXX		XXX,XXX
Accounts Receivable (net)	XXX,XXX	XXX,XXX					XXX,XXX		XXX,XXX
Accrued Interest Receivable	XXX,XXX						XXX,XXX		XXX,XXX
Short-term Investments	XXX,XXX						XXX,XXX		XXX,XXX
Assets Restricted to Investment in Land, Building and Equipment	XXX,XXX						XXX,XXX		XXX,XXX
Assets Held as Custodian							XXX,XXX		XXX,XXX
Endowment Assets									XXX,XXX
Land, Building and Equipment (net)									XXX,XXX
<b>Total Assets</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>		<b>\$ XXX,XXX</b>
<b>Liabilities and Net Assets</b>									
Accounts Payable	XXX,XXX								XXX,XXX
Accrued Expenses	XXX,XXX								XXX,XXX
Annuity Liabilities	XXX,XXX								XXX,XXX
Funds Held for Others	XXX,XXX								XXX,XXX
<b>Total Liabilities</b>	<b>XXX,XXX</b>								<b>XXX,XXX</b>
<b>Net Assets:</b>									
Unrestricted	XXX,XXX								XXX,XXX
Temporarily Restricted						XXX,XXX			XXX,XXX
Permanently Restricted							XXX,XXX		XXX,XXX
<b>Total Net Assets</b>	<b>XXX,XXX</b>								<b>XXX,XXX</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>		<b>\$ XXX,XXX</b>



# ARCHDIOCESE OF SEATTLE

**Exhibit D**

**SAMPLE DIOCESAN FINANCIAL STATEMENT (EXAMPLE)  
(FUND APPROACH/MULTI-COLUMN)  
STATEMENT OF ACTIVITIES  
for the year ended June 30, 2008**

	Unrestricted			Funds		Temporarily Restricted		Permanently Restricted		2008 Total Funds
	Current Fund	Deposit and Loan Fund	Plant Fund	Functioning as Endowment	Total Unrestricted	Campaign Fund	Endowment Fund			
<b>Operating Support and Revenue:</b>										
Diocesan Assessments	\$ X,XXX,XXX	\$	\$	\$ X,XXX,XXX	\$ X,XXX,XXX	\$	\$	\$ X,XXX,XXX	\$	\$ X,XXX,XXX
Contributions	XXX,XXX			XXX,XXX	XXX,XXX	XXX,XXX		XXX,XXX		XXX,XXX
Investment Income	XXX,XXX	XX,XXX	XX,XXX	XX,XXX	XXX,XXX					XXX,XXX
Gain on Sale of Assets	XXX,XXX		XXX,XXX		XXX,XXX					XXX,XXX
Net Assets Released from Restrictions					XXX,XXX	(XXX,XXX)				XXX,XXX
<b>Total Operating support &amp; revenue</b>	<b>X,XXX,XXX</b>	<b>XXX,XXX</b>	<b>XXX,XXX</b>	<b>XXX,XXX</b>	<b>X,XXX,XXX</b>	<b>XXX,XXX</b>	<b>XXX,XXX</b>	<b>X</b>	<b>X</b>	<b>X,XXX,XXX</b>
<b>Operating Expenses:</b>										
Tribunal	XXX,XXX				XXX,XXX					XXX,XXX
Education	XXX,XXX				XXX,XXX					XXX,XXX
Financial Administration	XXX,XXX				XXX,XXX					XXX,XXX
Special Ministries	XXX,XXX				XXX,XXX					XXX,XXX
Religious Support	XX,XXX				XX,XXX					XX,XXX
Communications	XXX,XXX				XXX,XXX					XXX,XXX
Social Concerns	XXX,XXX				XXX,XXX					XXX,XXX
Subsidies	XX,XXX				XX,XXX					XX,XXX
Office of the Archbishop	X,XXX,XXX	X	X	X	X,XXX,XXX					X,XXX,XXX
<b>Total Operating Expenses</b>	<b>X,XXX,XXX</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X,XXX,XXX</b>					<b>X,XXX,XXX</b>
<b>Change in Net Assets Before Nonoperating Activity</b>	<b>X,XXX,XXX</b>	<b>XXX,XXX</b>	<b>XXX,XXX</b>	<b>XXX,XXX</b>	<b>X,XXX,XXX</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X,XXX,XXX</b>
<b>Nonoperating Activity</b>										
Unrealized gains	XXX,XXX									XXX,XXX
Total Nonoperating activity	XXX,XXX									XXX,XXX
<b>Changes in Net Assets</b>	<b>\$ XXX,XXX</b>	<b>(\$ XXX,XXX)</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>	<b>\$ XXX,XXX</b>

# ARCHDIOCESE OF SEATTLE

## Exhibit E

SAMPLE DIOCESAN FINANCIAL STATEMENT (EXAMPLE)  
 (NON-FUND APPROACH/MULTI-COLUMN)  
 STATEMENT OF ACTIVITIES  
 for the year ended June 30, 2008

	2008			Total	2007 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>Revenues, Support and Gains:</b>					
Diocesan Assessments	\$ XXX,XXX	\$ XXX,XXX	\$ XXX,XXX	\$ XXX,XXX	\$ XXX,XXX
Less: Allowance	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)
Net Assessments	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Contributions and Bequests	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Investment Income	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Net Realized Gains on Sale of Investments	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Unrealized Appreciation in Fair Value of Investments	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Rental Income	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Service Fees	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Miscellaneous	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Total Revenues, Support and Gains	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Net Assets Released from Restrictions	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
<b>Expenses:</b>					
<b>Program services:</b>					
Pastoral	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Education	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Religious Personnel Development	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Parish Support	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Social Services	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Total Program Services	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
<b>Supporting Services:</b>					
Diocesan Administration	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Development	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Total Supporting Services	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Total Expenses	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Increase (Decrease) in Net Assets	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Net Assets at Beginning of Year	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Net Assets at End of Year	<u>\$ XXX,XXX</u>	<u>\$ XXX,XXX</u>	<u>\$ XXX,XXX</u>	<u>\$ XXX,XXX</u>	<u>\$ XXX,XXX</u>

# ARCHDIOCESE OF SEATTLE

## Exhibit F

SAMPLE DIOCESAN FINANCIAL STATEMENT (EXAMPLE)  
 (NON-FUND APPROACH/SINGLE COLUMN-LAYERED)  
 STATEMENT OF ACTIVITIES  
 for the year ended June 30, 2008

	<u>2008</u>	<u>2007</u>
Changes in Unrestricted Net Assets:		
Support and Revenue:		
Contributions and Bequests	\$ XXX,XXX	\$ XXX,XXX
Interest and Investment Income	XXX,XXX	XXX,XXX
Unrealized Gain on Investments	XXX,XXX	XXX,XXX
General Assessments (net)	XXX,XXX	XXX,XXX
Rental Income	XXX,XXX	XXX,XXX
Other Revenue	XXX,XXX	XXX,XXX
Net Assets Released from Restriction	XXX,XXX	XXX,XXX
Total Support and Revenue	XXX,XXX	XXX,XXX
Expenses		
Program services:		
Education	XXX,XXX	XXX,XXX
Religious Personnel Development	XXX,XXX	XXX,XXX
Pastoral	XXX,XXX	XXX,XXX
Social Services	XXX,XXX	XXX,XXX
Total Program Services	XXX,XXX	XXX,XXX
Supporting Services:		
Archdiocesan Administration	XXX,XXX	XXX,XXX
Property Administration	XXX,XXX	XXX,XXX
Total Supporting Services	XXX,XXX	XXX,XXX
Total Expenses	XXX,XXX	XXX,XXX
Change in Unrestricted Net Assets	XXX,XXX	XXX,XXX
Changes in Temporarily Restricted Net Assets:		
Unrealized Gain on Investments	XXX,XXX	XXX,XXX
Donations	XXX,XXX	XXX,XXX
Investment Earnings	XXX,XXX	XXX,XXX
Net Assets Released from Restrictions	(XXX,XXX)	(XXX,XXX)
Change in Temporarily Restricted Net Assets	XXX,XXX	XXX,XXX
Changes in Permanently Restricted Net Assets:		
Contributions and Bequests	XXX,XXX	XXX,XXX
Changes in Net Assets	XXX,XXX	XXX,XXX
Net Assets, Beginning of Year	XXX,XXX	XXX,XXX
Net Assets, End of Year	\$ XXX,XXX	\$ XXX,XXX