

## **Treasurers' Handbook Forms and Examples**

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## **OVERVIEW OF ST. WENDY'S EPISCOPAL CHURCH A HYPOTHETICAL PARISH**

St. Wendy's has been created to illustrate recurrent accounting and financial reporting issues. St. Wendy's uses QuickBooks for its financial accounting, which is the mostly commonly used accounting package in the diocese. So some parts of the various sections to the Treasurers' Handbook and the accompanying forms and example will be specific to QuickBooks.

St. Wendy's is a parish in Eastern Massachusetts founded in 1875. The church building and rectory were built in 1890. The church has a capacity of approximately 400 but is currently worshipping approximately 85 on a Sunday (ASA), or about 21% of capacity.

The parish reports 70 pledging units with total pledges of \$150,000 and an average pledge of \$2,143. However, there are 4 families who have been members of the parish for over 40 years who pledge an average of \$12,000, which constitutes 32% of the total amount pledged.

The parish has a DIT invested endowment with a balance at the beginning of the year of approximately \$200,000 but has been drawing on that endowment to balance the budget the past several years. Approximately 25% of the endowment (\$50,000) is restricted and can not be used for operating expenses or for budget deficits; the rest (\$150,000) is unrestricted.

The parish is active in the community and licenses a portion of the parish hall to a daycare center during the week. In addition, the parish also provides breakfast for the homeless on Saturday mornings.

The church property has been generally well-maintained. However, the church roof and west wall have sustained water damage over the years. Since the church building was designated a historical site by the State of Massachusetts in 1970, any major changes or repairs must obtain regulatory approval.

The rector has been with the parish for 15 years and has recently announced his plans for retirement at the end of the coming year. The rector is currently living in the rectory with the parish paying all utilities and repair costs. The parish also employs a part-time parish administrator and a part-time organist. All routine cleaning is provided by a service contract.

The parish has a brokerage account that it uses to receive gifts of stock. Last December a parishioner transferred stock worth \$8,800 into the parish's brokerage account as a prepayment for this year's pledge. The receipt of this amount was recorded as a temporarily restricted asset, and then on January 1, when the temporal restriction lapsed, the \$8,800 was recognized as pledge income. (See TH - Fund Restrictions and Designations)

In addition to its endowment the parish a \$30,000 fund, also invested with the DIT, that has both principal and income restricted to use for the music program.

At the beginning of the year just ended, based upon a report and recommendation from the finance committee with respect to the sustainable use of the endowment, the vestry voted to adopt a "total return" approach to the unrestricted portion of the endowment. The vestry voted

to budget as operating income each year 4% of the average balance of the unrestricted portion of the endowment at the end of the 12 quarters of the three previous calendar years. This average balance was calculated to be \$130,000 so the amount budgeted for the year was 4% of \$130,000 = \$5,200. (See TH - Sustainable Use of a Parish Endowment)

The parish licenses space to a daycare named “Nancy’s” for \$26,400 per year. Under the licensing agreement with the parish, Nancy’s is permitted the use of certain rooms in the parish hall for certain hours on Mondays through Fridays, and the parish uses the same rooms on Sundays and occasionally in the evening. The treasurer estimates that the parish’s expenses directly related to realizing its income from Nancy’s (e.g. utilities, cleaning, maintenance, etc.) are \$5,700. The principal parish fund raiser is an annual bazaar that is well attended by the community and grossed \$6,100 last year with expenses of \$1,900. (See THs - Charts of Account and Parochial Report)

The parish thrift shop has its own checking account from which it contributed \$3,000 to the parish during the year. The balance in that account at the end of the year was \$5,120. (See TH - Statement of Financial Position)

In Lent a representative of Good Works International was invited to the parish to make a power point presentation on that organization’s activities in Africa. The event resulted in donations to the parish of \$1,450. When the collection process was completed, a check was written to that organization for the \$1,450.

In 1928 a parishioner, Jane Smith, left the parish a gift in perpetual trust with the income payable to the parish annually for its general use. During the year \$4,075 was distributed to the parish. The balance in the trust at the beginning of the year was \$103,000. (See TH - Fund Restrictions and Designations)

Last year John Jones, a former senior warden, approached the rector and said that he wanted to make a special \$6,000 gift to the parish for the youth program. In further discussions with the treasurer John clarified that he did not insist that the gift be considered restricted but that he would like the gift to be used for the youth program if at all possible. Pursuant to the parish Policies on Gifts and Funds the vestry adopted the following resolution -

VOTED:        That the resolution - \$6,000 unrestricted gift from John Jones be accepted, and that its use be designated as to support the parish youth program if at all possible, and that on the books of the parish there be created a fund titled the “Youth Program Fund.”

After the meeting the treasurer made an extra copy of the minutes setting out this vote, which she added to the file titled, “Funds History” that she maintained in the parish office. She then added the “Youth Program Fund” to the Summary of Fund Restrictions and Designations that she kept as a reminder of the status of all the funds of the parish. (See TH Forms - Fund Restrictions and Designations, Sample Parish Policies for Gifts and Funds, and Sample Summary of Fund Restrictions and Designations)

In July the parish received a \$15,000 Stokes loan from the diocese to fund kitchen renovations in the rectory. During the year \$13,500 was spent on the project, and \$1,500 remained unspent as of the end of the year. The parish has made 6 monthly loan payments to the diocese for July-December. The total payments were \$643 of which \$503 was interest and \$140 was principal.

The church is oil-heated, but the furnace is quite old. The vestry has begun to consider the possibility of switching to natural gas, and during the year the parish has received a \$8,000 Green Grant from the Diocese of Massachusetts to be used for a variety of projects to improve energy efficiency. During the year \$6,100 of the grant money was spent and \$1,900 remains unspent.

In recent years the vestry has set aside \$20,000 as a Roof Reserve to address the water damage suffered. These funds have been invested in CDs. During the year work on the roof was started. One \$10,000 CD was cashed in, and payments of \$7,500 were made for the work.

The parish does not have historic cost data on its church or rectory. The town where the parish is located currently assesses the church and parish hall at \$1,550,000 and the rectory at \$420,000. (See TH - Churches, Rectories, and Other Real Estate)

In the church are 12 lovely stained glass windows that were installed when the church was built in 1890. Three years ago it became apparent that they required major restoration work. A fund raising campaign was conducted (separate from the annual stewardship campaign) that allowed parishioners to pay their pledges to the campaign over a 5-year period. The windows have been restored 2 or 3 per year as funds came in. At the start of the year there was \$13,000 in the fund. During the year \$4,500 in pledge payments were received and \$12,800 was paid for the work, resulting in a \$8,300 reduction in the fund balance.

During the year the parish bought a box of 30 prayer books for \$540. After reviewing the three relevant provisions in the Manual, the treasurer entered this transaction as a capital expense. (See TH - Capital Expenses and Depreciation)

The parish uses ADP for its payroll processing. The Manual strongly recommends the use of a professional payroll processor, and the parent church has made arrangements with ADP to obtain favorable pricing.

While the parish uses QuickBooks for its accounting and financial reporting, it also uses supplemental software to use in preparing pledge statements. (See TH - Accounting and Other Software) The parish insures with Church Insurance of Vermont.

In QuickBooks reports prepared on a cash basis will still show as a liability accounts payable. If bills have been routinely entered as accounts payable during the year, then at year-end additional liabilities may not have to be recognized. St. Wendy's treasurer conducted a year-end review and determined that the parish had to recognize an additional \$1,770 in liabilities to insure that the year-end financials accurately reflected the financial position of the parish. This was accomplished by a journal entry. (See TH - Statement of Financial Position)

For the year the parish had an ordinary or operating cash flow deficit of \$16,636. After reviewing the Summary of Fund Restrictions and Designations (See St. Wendy's Summary of Fund Restrictions and Designations), the vestry voted to fund the deficit as follows -

1. There had been unusual and unexpected repair work done on the organ during the year costing \$2,400, and so \$2,400 was withdrawn from the restricted music fund to pay for this work.
2. An additional \$5,000 was withdrawn from the unrestricted portion of the Endowment Fund.
3. The other \$9,236 was funded by a reduction in operating funds.

The year-end statement from DIT reported appreciation from investments of \$14,000 for the endowment, \$7,200 for the Smith Fund, and \$2,100 for the Music Fund, for a total appreciation of \$23,300. The endowment appreciation was allocated 25% or \$3,500 to the Endowment (Restricted) and 75% or \$10,500 to the Endowment (unrestricted or Designated). These investment gains were recognized by a journal entry.

## ST. WENDY'S CHART OF ACCOUNTS

No.	Account Name	Type	No.	Account Name	Type
<u>1000s ASSETS</u>					
1000 .	Main Checking Account	Bank	3410.	Endowment (Unrestricted)	Equity
1020 .	Money Market Account	Bank	3420.	Roof Reserve	Equity
1040 .	Thrift Shop Account	Bank	3430.	Youth Program Fund	Equity
1060 .	Discretionary Fund Account	Bank	3440 .	Thrift Shop Fund	Equity
1200 .	Brokerage Account	Bank	3490.	Operating Fund	Equity
1300 .	Accounts Receivable	A/R	3990.	Unallocated Net Income	Equity
1400.	Undeposited Funds	Other	3999 .	Less Total Liabilities	Equity
1500 .	Certificates of Deposit	Other	<u>4000s OPERATING INCOME</u>		
1600 .	Other Current Assets	Other	4000 .	Pledges	Income
1610 .	Prepaid Expenses	Other	4100 .	Plate	Income
1700 .	Investments	Other	4200 .	Space Use Net	Income
1710 .	DIT Endowment	Other	4210 .	Space Use Income	Income
1720 .	DIT Smith Trust	Other	4220 .	Space Use Expenses	Income
1730 .	DIT Music Fund	Other	4300 .	Fundraising Net	Income
1800 .	Real Estate	Other	4310 .	Fundraising Income	Income
1810 .	Church (as assessed)	Other	4320 .	Fundraising Expenses	Income
1820 .	Rectory (as assessed)	Other	4330 .	Smith Trust	Income
			4370 .	Thrift Shop	Income
			4400.	Withdrawals from Funds	Income
<u>2000s LIABILITIES</u>			4410.	Operating Fund	Income
2000 .	Accounts Payable	A/P	4420.	Endowment (Unrestrctd)	Income
2100 .	Liabilities	Current	4500 .	Operating Income - Other	Income
2110 .	Stokes Loan Outstanding	Current			
			<u>5000s OPERATING EXPENSES</u>		
<u>3000s EQUITY</u>			5000 .	Worship	Expense
3100 .	Permanently Restricted Funds	Equity	5010 .	Clergy Salary	Expense
3110 .	Smith Trust	Equity	5020 .	Clergy Pension	Expense
3200 .	Temporarily Restricted Funds	Equity	5030 .	Clergy Medical	Expense
3210 .	Real Estate (as assessed)	Equity	5040 .	Clergy Add-ons	Expense
3220 .	Funds	Equity	5042 .	Equity Allowance	Expense
3225 .	Endowment (Restricted)	Equity	5044 .	Auto Allowance	Expense
3230 .	Stokes Loan Unspent	Equity	5046 .	Education Allowance	Expense
3235 .	Music Fund	Equity	5050 .	Worship Other	Expense
3240 .	Green Grant Unspent	Equity	5100 .	Music	Expense
3245 .	Stained Glass Fund	Equity	5110 .	Music Director Salary	Expense
3250 .	Discretionary Fund	Equity	5120 .	Music Director Add-ons	Expense
3260 .	Prepaid Pledges	Equity	5130 .	Music Other	Expense
3300 .	Designated Funds	Equity	5200 .	Christian Formation	Expense

5210 . Education Director Salary	Expense
5220 . Education Director Add-ons	Expense
5230 . Youth Programs	Expense
5240 . Adult Programs	Expense
5250 . Formation Other	Expense
5300 . Outreach/Mission	Expense
5310 . Outreach Grants	Expense
5320 . Outreach/Mission Other	Expense
5400 . Administration	Expense
5410 . Administrator Salary	Expense
5420 . Administrator Add-ons	Expense
5430 . Telephone-Internet	Expense
5440 . Administration Other	Expense
5442 . Copier Lease + Maint...	Expense
5444 . Copier Use	Expense
5446 . Payroll Service	Expense
5448 . Office Supplies	Expense
5450 . Postage	Expense
5452 . Administrative Other	Expense
5500 . Building & Grounds	Expense
5510 . Sexton Salary	Expense
5520 . Sexton Add-ons	Expense
5530 . Maintenance	Expense
5540 . Fuel Oil	Expense
5550 . Other Utilities	Expense
5570 . Buildings & G Other	Expense
5600 . Miscellaneous	Expense
5610 . Assessment	Expense
5620 . Insurance	Expense
5630 . Loan Payments (P+I)	Expense
5640 . Capital Expenses (budgeted)	Expense
5650 . Miscellaneous Other	Expense

#### 6000s NON-OPERATING INCOME

6000 . Loans/Grants/Gifts	Other Inc
6050. Endowment Additions	Other Inc.
6100 . Stokes Loan Proceeds	Other Inc
6110 . Green Grant Received	Other Inc
6120 . Stained Glass Receipts	Other Inc
6200 . Good Works Fundraiser	Other Inc
6250 . Prepaid Pledges	Other Inc

6300 . Gifts for Funds (Youth)	Other Inc
6570 . Music Fund Receipts	Other Inc
6580 . Roof Reserve	Other Inc
6600 . Transfers from Funds	Other Inc
6610. Stained Glass Fund	Other Inc.
6700 . Investment Gain/Loss	Other Inc.

#### 7000s NON-OPERATING EXPENSES

7000 . Projects/Gifts	Other Exp
7100 . Stokes Loan Expenses	Other Exp
7110 . Green Grant Expenses	Other Exp
7120 . Roof Project Expenses	Other Exp
7130 . Stained Glass Expenses	Other Exp
7200 . Good Works Gift	Other Exp
7300 . Capital Exp. (unbudgeted)	Other Exp
7500 . Transfers to Funds	Other Exp
7510 . Stokes Loan Unspent	Other Exp
7520 . Green Grant Unspent	Other Exp
7530 . Prepaid Pledge Fund	Other Exp
7540 . Youth Program	Other Exp
7550. Stained Glass Unspent	Other Exp

## ST. WENDY'S STATEMENT OF FINANCIAL POSITION

	<u>Totals</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
1000 · Operating Account	29,214.00
1100 · Money Market Account	8,440.00
1200 · Thrift Shop Account	5,120.00
1300 · Discretionary Fund Account	2,047.00
1350 · Certificates of Deposit	10,000.00
1400 · Brokerage Account	8,800.00
Total Checking/Savings	<u>63,621.00</u>
Total Current Assets	<u>63,621.00</u>
Other Assets	
1700 · Investment Accounts	
1710 · DIT Endowment Account	203,800.00
1720 · DIT Smith Trust Account	110,200.00
1730 · DIT Music Fund Account	29,700.00
Total 1700 · Investments	<u>343,700.00</u>
1800 · Real Estate	
1810 · Church (as assessed)	1,550,000.00
1820 · Rectory (as assessed)	420,000.00
Total 1800 · Real Estate	<u>1,970,000.00</u>
Total Other Assets	<u>2,313,700.00</u>
<b>TOTAL ASSETS</b>	<u><u>2,377,321.00</u></u>
 <b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2010 · Current Liabilities	<u>1,770.00</u>
Total Other Current Liabilities	<u>1,770.00</u>
Total Current Liabilities	<u>1,770.00</u>
Long Term Liabilities	
2100 · Stokes Loan Outstanding	<u>14,860.00</u>
Total Long Term Liabilities	<u>14,860.00</u>
Total Liabilities	16,630.00
 Equity	
3100 · Permanently Restricted Funds	
3110 · Smith Trust Fund	<u>110,200.00</u>
Total 3100 · Permanently Restricted Funds	<u>110,200.00</u>
3200 · Temporarily Restricted Assets	
3210 · Real Estate (as assessed)	1,970,000.00



3220 - Funds	
3225 - Endowment (Restricted)	53,500.00
3230 - Stokes Loan Unspent	1,500.00
3235 - Music Fund	29,700.00
3240 - Green Grant Unspent	1,900.00
3245 - Stained Glass Fund	4,700.00
3250 - Discretionary Fund	2,047.00
3260 - Prepaid Pledges	8,800.00
Total 3220 - Funds	<u>102,147.00</u>
Total 3200 - Temporarily Restricted Assets	2,072,147.00
3400 - Designated Funds	
3420 - Endowment (Unstrctd)	150,300.00
3430 - Roof Reserve Fund	12,500.00
3440 - Youth Program Fund	6,000.00
3450 - Thrift Shop	5,120.00
3490 - Operating Fund	21,054.00
Total 3400 - Designated Funds	<u>194,974.00</u>
3999. Less Total Liabilities	-16,630.00
Total Equity	<u>2,360,691.00</u>
TOTAL LIABILITIES & EQUITY	<u><u>2,377,321.00</u></u>

# St. Wendy's Statement of Activities or Statement of Receipts and Disbursements

	Jan 1 - Dec 31, xx	Budget	\$ Over Budget
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
4000 · Pledges	144,500.00	150,000.00	-5,500.00
4100 · Plate	4,900.00	5,000.00	-100.00
4200 · Space Use Net			
4210 · Space Use Income	26,400.00	26,000.00	400.00
4220 · Space Use Expense	-5,700.00	-6,000.00	300.00
4200 · Space Use Net - Other	0.00	0.00	0.00
Total 4200 · Space Use Net	20,700.00	20,000.00	700.00
4300 · Fundraising Net			
4310 · Fundraising Income	6,100.00	6,000.00	100.00
4320 · Fundraising Expense	-1,900.00	-2,000.00	100.00
4300 · Fundraising Net - Other	0.00	0.00	0.00
Total 4300 · Fundraising Net	4,200.00	4,000.00	200.00
4340 · Unrestricted Endowment 4%	5,200.00	0.00	5,200.00
4350 · Smith Trust	4,075.00	4,000.00	75.00
4370 · Thrift Shop	3,000.00	3,000.00	0.00
4400 · Other Ordinary Income	475.00	500.00	-25.00
Total Income	187,050.00	186,500.00	550.00
<b>Expense</b>			
5000 · Worship			
5010 · Clergy Salary	72,000.00	72,000.00	0.00
5020 · Clergy Pension	14,200.00	14,200.00	0.00
5030 · Clergy Medical	13,100.00	13,100.00	0.00
5040 · Clergy Add-ons			
5042 · Equity Allowance	1,800.00	0.00	1,800.00
5044 · Auto Allowance	1,400.00	0.00	1,400.00
5046 · Education Allowance	1,000.00	0.00	1,000.00
5040 · Clergy Add-on	0.00	5,000.00	-5,000.00
Total 5040 · Clergy Add-on	4,200.00	5,000.00	-800.00
5050 · Worship Other	900.00	1,000.00	-100.00
5000 · Worship - Other	0.00	0.00	0.00
Total 5000 · Worship	104,400.00	105,300.00	-900.00
5100 · Music			
5110 · Music Director Salary	10,600.00	10,600.00	0.00
5120 · Music Director Allowance	800.00	800.00	0.00
5130 · Music Other	2,600.00	500.00	2,100.00
5100 · Music - Other	0.00	0.00	0.00

<b>Total 5100 · Music</b>	14,000.00	11,900.00	2,100.00
<b>5200 · Christian Formation</b>			
5210 · Education Director	0.00	0.00	0.00
5220 · Education Director	0.00	0.00	0.00
5230 · Youth Programs	465.00	500.00	-35.00
5240 · Adult Programs	188.00	200.00	-12.00
5250 · Formation Other	400.00	500.00	-100.00
5200 · Christian Formation	0.00	0.00	0.00
<b>Total 5200 · Christian Formation</b>	1,053.00	1,200.00	-147.00
<b>5300 · Outreach/Mission</b>			
5310 · Outreach Grants	1,200.00	1,200.00	0.00
5320 · Outreach/Mission C	795.00	800.00	-5.00
5300 · Outreach/Mission -	0.00	0.00	0.00
<b>Total 5300 · Outreach/Mission</b>	1,995.00	2,000.00	-5.00
<b>5400 · Administration</b>			
5410 · Administrator Salar	8,800.00	8,800.00	0.00
5420 · Administrator Add-i	600.00	600.00	0.00
5430 · Telephone-Internet	3,300.00	3,300.00	0.00
5440 · Administration Other			
5442 · Copier Lease	1,100.00	0.00	1,100.00
5444 · Copier Use	1,200.00	0.00	1,200.00
5446 · Payroll Servi	710.00	0.00	710.00
5448 · Office Suppli	650.00	0.00	650.00
5450 · Postage	520.00	0.00	520.00
5452 · Administrativ	920.00	0.00	920.00
5440 · Administratic	0.00	5,200.00	-5,200.00
<b>Total 5440 · Administration</b>	5,100.00	5,200.00	-100.00
5400 · Administration - Otl	0.00	0.00	0.00
<b>Total 5400 · Administration</b>	17,800.00	17,900.00	-100.00
<b>5500 · Building &amp; Grounds</b>			
5510 · Sexton Salary	5,400.00	5,400.00	0.00
5520 · Sexton Add-ons	355.00	400.00	-45.00
5530 · Maintenance	12,700.00	13,000.00	-300.00
5540 · Fuel Oil	6,700.00	7,000.00	-300.00
5550 · Other Utilities	4,000.00	4,200.00	-200.00
5560 · Capital Expenses (t	3,540.00	3,000.00	540.00
5570 · Buildings & G Othe	200.00	500.00	-300.00
5500 · Building & Grounds	0.00	0.00	0.00
<b>Total 5500 · Building &amp; Grounds</b>	32,895.00	33,500.00	-605.00
<b>5600 · Miscellaneous</b>			
5610 · Assessment	21,100.00	21,100.00	0.00
5620 · Insurance	9,700.00	9,500.00	200.00
5630 · Loan Payments (P+	643.00	643.00	0.00
5640 · Miscellaneous Othe	100.00	500.00	-400.00
5600 · Miscellaneous - Otl	0.00	0.00	0.00
<b>Total 5600 · Miscellaneous</b>	31,543.00	31,743.00	-200.00

<b>Total Expense</b>	203,686.00	203,543.00	143.00
<b>Net Ordinary Income</b>	-16,636.00	-17,043.00	407.00

**Other Income/Expense**

**Other Income**

**6000 · Loans/Grants/Gifts**

6100 · Stokes Loan	15,000.00	0.00	15,000.00
6110 · Green Grant	8,000.00	0.00	8,000.00
6120 · Stained Glass Pledg	4,500.00	0.00	4,500.00
6200 · Good Works Fundr	1,450.00	0.00	1,450.00
6250 · Prepaid Pledges	8,800.00	0.00	8,800.00
6300 · Gifts for Funds (Yo	6,000.00	0.00	6,000.00
6000 · Loans/Grants/Gifts	0.00	0.00	0.00

<b>Total 6000 · Loans/Grants/Gifts</b>	43,750.00	0.00	43,750.00
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**6500 · Transfers from Funds**

6550 · Operating Funds	9,236.00	7,043.00	2,193.00
6560 · Endowment (Desigi	5,000.00	10,000.00	-5,000.00
6570 · Music Fund	2,400.00	0.00	2,400.00
6580 · Roof Reserve	7,500.00	0.00	7,500.00
6590 · Stained Glass Fund	8,300.00	0.00	8,300.00
6500 · Transfers from Fun	0.00	0.00	0.00

<b>Total 6500 · Transfers from Funds</b>	32,436.00	17,043.00	15,393.00
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<b>6800 · Appreciation of Investments</b>	23,300.00	0.00	23,300.00
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<b>Total Other Income</b>	99,486.00	17,043.00	82,443.00
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**Other Expense**

**7000 · Projects/Gifts**

7100 · Stokes Loan Disbur	13,500.00	0.00	13,500.00
7110 · Green Grant Disbur	6,100.00	0.00	6,100.00
7120 · Roof Project	7,500.00	0.00	7,500.00
7130 · Stained Glass Proje	12,800.00	0.00	12,800.00
7200 · Good Works Gift	1,450.00	0.00	1,450.00
7300 · Capital Expenses (l	0.00	0.00	0.00
7000 · Projects/Gifts - Oth	0.00	0.00	0.00

<b>Total 7000 · Projects/Gifts</b>	41,350.00	0.00	41,350.00
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**7500 · Transfers to Funds**

7510 · Stokes Loan Unspe	1,500.00	0.00	1,500.00
7520 · Green Grant Unspe	1,900.00	0.00	1,900.00
7530 · Prepaid Pledges	8,800.00	0.00	8,800.00
7540 · Youth Program	6,000.00	0.00	6,000.00
7500 · Transfers to Funds	0.00	0.00	0.00

<b>Total 7500 · Transfers to Funds</b>	18,200.00	0.00	18,200.00
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**7800 · Allocation of Appreciation**

7820 · Endowment (Restri	10,500.00	0.00	10,500.00
7830 · Endowment (Desigi	3,500.00	0.00	3,500.00
7840 · Smith Trust	7,200.00	0.00	7,200.00

7860 - Music Fund	2,100.00	0.00	2,100.00
7800 - Allocation of Appre	0.00	0.00	0.00
Total 7800 - Allocation of Appreciat	23,300.00	0.00	23,300.00
8000 - Ask My Accountant	0.00	0.00	0.00
Total Other Expense	82,850.00	0.00	82,850.00
Net Other Income	16,636.00	17,043.00	-407.00
Net Income	0.00	0.00	0.00

# ST. WENDY'S STATEMENT OF FUND ACTIVITY FOR THE YEAR

	Balance Jan. 1	Income	Expenses	Transfers In+/Out-	Investment Gain/Loss	Balance Dec. 31
Permanently Restricted Funds						
Smith Trust	103000			-4075	7200	106125
Temporarily Restricted Funds						
Endowment - Restricted	50000				3500	53500
Stokes Loan Project	0	15000	-13500			1500
Music Fund	30000			-2400	2100	29700
Green Grant Project	0	8000	-6100			1900
Stained Glass Fund	13000	4500	-12800			4700
Discretionary Fund	2047	1200	-1200			2047
Prepaid Pledges	0	8800				8800
Designated Funds (not restricted)						
Endowment - Unrestricted	150000			-5200 -5000	10500	150300
Roof Reserve	20000		-7500			12500
Youth Program Fund	0	6000				6000
Thrift Shop	5120	4000	-1000	-3000		5120
Operating Fund	21690	174775	-203686	4075 2400 5200 5000 3000		12454
	-----	-----	-----	-----	-----	-----
	394857	222275	-245786	0	23300	394646

YEAR END CASH RECONCILIATION OF COMMINGLED FUNDS

29214 Checking Account	1500 Stokes Funds
8440 Money Market Account	1900 Green Grant Funds
	4700 Stained Glass Funds
	8800 Prepaid Pledges
	2500 Roof Reserve
	6000 Youth Program Funds
	12254 Operating Funds
-----	-----
37654	37654

## **SAMPLE PARISH POLICIES FOR GIFTS AND FUNDS**

To implement the provisions of the Manual of Business Methods in Church Affairs, Ch. II-13, III-3, and VI-17, and Articles 10.2 and 13.5 of the By-Laws [assuming the parish has adopted by-laws based upon the diocesan model by-laws] the following policies with respect to gifts and funds are hereby adopted:

1. While the generosity of donors is encouraged, donors are also encouraged not to impose legal restrictions on gifts that are made to the parish, so that the vestry may use the gifts in accordance with the needs of the parish, which may change over time. Designated gifts (gifts subject to an intention or a preference) are welcomed. If a donor expresses an intention or a preference for his or her gift at the time of the gift, the parish shall in good faith attempt to ensure that the gift is used as designated.
2. If any person wishes to make a gift to the parish subject to a legal restriction, the legal restriction should be submitted to the vestry in advance in writing for review. The vestry shall vote on whether to accept the gift subject to the proposed restriction.
3. No gifts or funds held by the parish shall be considered subject to a legal restriction unless the exact terms of the restriction have been approved in advance of acceptance by the vestry.
4. With respect to gifts of property (as opposed to gifts of money or securities), no object intended as a permanent addition to the parish property, or to be used therein during public worship, shall be accepted as a gift or memorial without the approval of the rector and the officers. All objects so accepted may be removed when deemed necessary by the vestry. The names of donors of such gifts and memorials, any terms and conditions, and the dates of acceptance shall be recorded in the permanent records of the parish.
5. Due to changing circumstances the vestry reserves the right, in its discretion in particular circumstances, to use designated gifts for a purpose other than the donor's expressed intention or preference. Also the vestry reserves the right to merge designated funds and to establish a new designation for the merged funds. To the extent reasonably possible the vestry will consult with donors prior to the use of their gift for a purpose other than the donors' designation.
6. Funds, such as will appear as line items on the parish's Statement of Financial Position (or Balance Sheet), shall be created only by vote of the vestry, which vote shall specify as to each fund the terms of any applicable restriction or designation.



7. If the vestry has voted to create a designated fund, then the vestry may subsequently vote to change or eliminate the designation.
8. To address the problem of the proliferation of restricted funds containing small amounts, the vestry reserves the right to merge any small restricted fund with another fund subject to a similar restriction. The vestry may also restate the wording of the restriction in a way that best reflects the intention of the donors of the funds being merged.
9. The treasurer shall be responsible for keeping records of the exact restriction or designation applying to each and every fund. The treasurer shall maintain in the parish office a Funds History File, which shall contain a copy of these policies and a copy of the vestry vote creating each fund and all documents relating to the creation of each fund (e.g. letters, agreements, trust documents, will provisions), the exact wording of any legal restriction, designation, or expressed intention, the names of any large donors, and any other documents relevant to the creation or the administration of each fund and the moneys contained therein.

## SAMPLE SUMMARY OF FUND RESTRICTIONS AND DESIGNATIONS

Figures as of 12/31/xx

	Principal Balance	Terms of the Restriction - Principal and Interest - or Nature of the Designation
	-----	-----
Permanently Restricted		
Ruth Sims Memorial Fund	550000	Princ never used. Inc 1/2 special ministries, 1/2 youth program
Perpetual Fund	25000	Princ never used. Inc for the general use of the parish
	-----	
	575000	
Temporarily Restricted		
Scholarship Fund	300000	Princ+ Inc for educational support for parishioners
Hutchins Memorial Fund	295000	Inc and up to 5% of princ/yr for parish general use
White Fund	85000	Princ + Inc for the poor, homeless, and special ministries
Music Fund	11000	Princ + Inc for the music program
Special Ministries Fund	4000	Princ + Inc for the church school facilities
Pipe Organ Fund	2000	Princ + Inc for anything related to the pipe organ
Prepaid Pledges	5000	Princ + Inc for pledge income on Jan. 1
	-----	
	702000	
Designated (Unrestricted)		
Outreach Fund	75000	for outreach
Memorial Fund	28000	for general use as needed
Memorial Church Yard Fund	18000	for maintenance of the burial ground
Flower Fund	12000	for flowers
Priest's Sabbatical Fund	11000	for clergy sabbaticals
Maintenance Reserve Fund	9000	for non-routine maintenance
Priest's Support Fund	4000	for additions to the priest's compensation
Operating Fund	103000	for general use as determined by the vestry
	-----	
	260000	
	=====	
	1537000	

## ST. WENDY'S PAROCHIAL REPORT WORKSHEET

[illegible]

Capital Exp.	3540									3540
B+G Other	200								200	
Miscellaneous										
Assessment	21100						21100			
Insurance	9700								9700	
Loan Payment	643								503	140
Misc. Other	100								100	

Parochial Report Line # -----

	3	4	5	8	9	11	12	13	14	15	18
	Pledge	From Investm	Other Op.Inc.	Gifts for Capital Proj.	Gifts for Investm	Gifts for Trans-mittal	Ass-ess-ment	Out-reach	All Other Op.Exp	Capital Exp.	Gifts to Other Organiz-ations
NON-OPERATING INCOME											
Stokes Loan	15000	not reported on parochial report									
Green Grant	8000			8000							
Stained Glass	4500			4500							
Good Works	1450					1450					
Youth Fund	6000				6000						
Prepaid Pledges	8800				8800						
Transfers											
Operating Fund	9436	9436									
Endowment	10000	10000									
Stained Glass	8300			8300							
Music Fund	2400	2400									
Roof Reserve	7500	not reported on parochial report									
NON-OPERATING EXPENSES											
Stokes Disburs.	13500									13500	
Green G Disb	6100									6100	
Stained Glass	12800									12800	
Good Works Gift	1450										1450
Roof Project	7500									7500	
TOTALS	149400	33911	28375	20800	14800	1450	21100	1200	177706	43580	1450

FORM PAROCHIAL REPORT WORKSHEET

(See below for instructions)

		Parochial Report Line # -----										
		3	4	5	8	9	11	12	13	14	15	18
		From										
ACCOUNT	ACTUAL	Pledge	Investm	for	Other	Gifts	Gifts	Gifts	Ass-	All	Capital	Gifts to
		Plate	Op Exp	Op.Inc.	Capital	Investm	Trans-	ment	reach	Op.Exp	Exp.	Organiz-
					Proj.		mittal					ations
OPERATING INCOME												
OPERATING EXPENSES												
NON-OPERATING INCOME												
Transfers												
NON-OPERATING EXPENSES												
TOTALS		0	0	0	0	0	0	0	0	0	0	0

INSTRUCTIONS

1 In the columns headed Account and Actual fill in the accounts that you use in your financial reports and the actual numbers for the year.

- 2 Allocate each actual number to the appropriate column that corresponds to a line on the parochial report.
- 3 On Line 94 the numbers in each column are totalled. Transfer this total to the appropriate line on page 3 of your parochial report.
- 4 Certain lines from the parochial report do not appear, because they are seldom used. These lines are - Line 6 unrestricted bequests used for operations, Line 7 assistance from the diocese for operating budget, Line 10 contributions and grants for congregation-based outreach and mission programs, Line 16 expenses for congregation's outreach and mission, and Line 17 funds contributed to Episcopal seminaries.

**ST. WENDY'S INTERNAL CONTROL SYSTEM (IN PART)**  
**and**  
**ST. WENDY'S MONTHLY ACCOUNT REVIEW WORKSHEET**  
**(FOR THE CHECKING, MONEY MARKET,**  
**AND DIT ACCOUNT STATEMENTS)**

**St. Wendy's Internal Control System (In Part)**

1. The senior warden, junior warden, and the parish administrator shall be the authorized check signers for the parish's checking and money market accounts.
2. Two signers shall be required for any check over \$1,500.
3. The treasurer shall be responsible for overseeing the work of the parish administrator with respect to parish finances but shall not be involved in the handling or processing of receipts nor in the preparation or issuing of checks.
4. The treasurer shall be responsible for the general oversight of the financial affairs of the parish and for the preparation of accurate periodic financial statements for the rector, the other officers, and the vestry.
5. With reasonable promptness after the end of each month the treasurer shall review the account statements for the parish checking account and money market, and, after the end of each quarter, the DIT account statement. For each review the treasurer shall complete a Monthly Review Worksheet and deliver it to the parish administrator for filing and for presentation to the auditor at the time of the audit.
6. No check shall be signed unless it has been properly authorized. Authorization requires -
  - (1) that the amount of the check when added to the amounts previously paid during the year and assigned to the account to which the check will be assigned does not exceed the amount budgeted for the year for the account, and
  - (2) that the check be backed up by appropriate documentation.

Appropriate documentation includes an invoice, a statement from the vendor who does not send invoices, a completed request for reimbursement form, or a completed check request form signed by the rector or an officer. Regular salary or other compensation payments in amounts consistent with the annual budget do not require specific authorization.
7. The treasurer shall be responsible for keeping records of the exact restriction or designation applying to each and every parish fund, and shall maintain in the parish office a Funds History File, which shall contain all documents relevant to

the creation of each fund and the exact wording of any legal restriction, designation, or expressed intention that applies to any of the parish's fund.

**St. Wendy's Monthly Account Review Worksheet**

1. Checking account and money market account statement being reviewed for the month of  
- \_\_\_\_\_
2. If available, DIT statement being reviewed for the \_\_\_\_\_ quarter.
3. Deposits appear reasonable as to frequency and amount - Yes\_\_\_\_; No\_\_\_\_
4. EFTs were made to the payroll processor for payroll and payroll taxes, and the amounts appear reasonable as to amount -  
Yes\_\_\_\_; No\_\_\_\_
5. Any other EFTs appear reasonable as to payee and amount - Yes\_\_\_\_; No\_\_\_\_
6. Do all checks requiring 2 signatures (over \$1,500) have 2 signatures - Yes\_\_\_\_; No\_\_\_\_
7. Do all checks over \$1,000 in amount appear reasonable as to payee and amount -  
Yes\_\_\_\_; No\_\_\_\_
8. With respect to any transfers out, has the receipt of the transfer in the proper account been verified -  
Yes\_\_\_\_; No\_\_\_\_
9. With respect to any other charges or reductions to the account, do such charges or reductions appear proper as to payee or purpose, and as to amount -  
Yes\_\_\_\_; No\_\_\_\_

ALL "NO" ANSWERS REQUIRE FOLLOW UP

Date reviewed completed\_\_\_\_\_

\_\_\_\_\_  
Treasurer



# **SAMPLE AGENDA FOR AUDIT KICK-OFF MEETING**

Recommended Attendees - Rector, Treasurer, Bookkeeper, Administrator, and Auditor(s)

Recommended Date - Jan. 10-20 following the end of the year being audited and before the year-end pledge statements go out.

1. Have there been any significant changes in the financial or accounting policies or procedures during the year?  
  
Any problems with the policies or procedures?  
  
Recommendations for changes or improvements?
2. Cut-off issues -  
  
Dec. 31- Jan. 1 beginning and end of year?
3. Status of year-end outstanding liabilities -  
  
payroll and payroll taxes, employee benefits, retirement, medical, all paid?  
  
assessment, insurance, fuel oil and other utilities?  
  
what accounts payable, unpaid bills, other obligations or liabilities exist as of year end?  
  
existence of any litigation, claims, or threatened claims?  
  
is there anything that might affect the accuracy of the year-end financial statements that is not reflected in the books and records of the parish?
4. Anticipated year end journal entries? Accruals and Deferrals? Need for any footnotes to the year-end financial statements.
5. Year-end survey of parish property (see attachment) -  
  
is all parish property present or accounted for?  
  
if not, what action, if any, should be taken  
  
issues of security of the premises and/or of the property of the parish -

recommendations for improvement relating to security?

6. Aquisitions/Capitalizations during the year -

what acquisitions of property were made?

what projects were capitalized?

is any updating required for parish inventory records kept off site to support potential insurance claims?

7. Year-end mailing of pledge statements -

coordination with audit confirmations

active v. passive confirmation?

8. Disaster recovery plan -

assuming a fire destroys the parish office, what documents should have been copied and stored off site to allow an orderly resumption of parish activities?

do additional documents need to be copied and stored off-site?

is the back-up system for computer files working and adequate?

9. Document retention/destruction plan -

Proposed plan -

routine documents may be destroyed after eight years.

once a year the treasurer and administrator should review the documents in storage with a view to destroying at least as many documents as are added to storage during the prior year.

10. Pending issues from the prior year's audit -

has reasonable progress been made on each issue?

will the issue need to be mentioned in the new audit report?

## **SAMPLE PROCEDURE FOR YEAR-END SURVEY OF PARISH PROPERTY**

1. The goal is to perform a simple (not time consuming) survey of parish property and of parish security procedures.
2. Each staff member is asked to spend a few minutes surveying parish property in the areas of the church, parish hall, and rectory where he or she usually carries out the responsibilities of his or her position. No one is expected to do any actual counting of objects, or do any investigating of parish property that the staff person does not encounter in the performance of his or her regular responsibilities.
3. In performing the survey each staff member should consider two questions -
  - (a) is any parish property of which the staff member is aware missing and unaccounted for?
  - (b) are parish security procedures adequate and being followed?
4. Each staff member should report his or her answers to these questions to the rector prior to the audit kick-off meeting. The rector will report on all findings at the meeting.

## **ST. WENDY'S VESTRY RESPONSE TO AUDIT FINDINGS**

The Vestry has discussed the findings made in connection with the parish audit for the year 20xx, and the Vestry has adopted the following responses

### Finding No. 1

In a check of randomly selected checks, two (1073 and 2044) were found that lacked either authorization or invoice. We recommend that the vestry address the procedures used to authorize expenditures and maintain financial records.

#### Vestry Response

*The Vestry agrees to revise the procedures used for expenditures, and to train the office staff and vestry members therein. We expect to complete this task by the end of the current year.*

### Finding No. 2

In a check of counter sheets, several (Epiphany I, Lent II, and Advent I) had either only one signature or had signatures of spouses. We recommend that the vestry implement a counting procedure with greater safeguards.

#### Vestry Response

*The Vestry recognizes the importance of this finding, but notes that it has been difficult to enforce the current procedure, which does require two unrelated persons to serve as counters each Sunday. Nonetheless, we will endeavor to adhere faithfully to the existing procedure.*

### Finding No. 3

An examination of the property records revealed that several vestments were missing. We recommend that the vestry devise means to ensure the maintenance of these records in an up-to-date fashion.

#### Vestry Response

*The Vestry agrees to amend the current inventory procedures to ensure that each new gift or purchase is properly noted.*