



Parish Financial Reporting

Diocese of Winona
Ministry Days
June 13, 2006

Help! The parish finance council meets tonight and I am still getting my financial information ready for them. What is the essential parish financial information I need to give them and how do I pull it together efficiently?

How many of you have been in this position? It is 3:30 in the afternoon and the finance council meets at 5:30. You are still entering transactions to get your Seeds of Faith account balances up to date. You finally get the information entered and print out some reports. However, as you go to the meeting, you wonder if there is more you should be presenting to them.



Today's Agenda

- ü Basic Financial Statements
- ü Reporting Parish Operations
- ü Accrual vs. Cash Accounting
- ü Fund Accounting
- ü Other Information for the Finance Council

Today, we will be looking at what reports make up the basic parish financial statements. Then we will consider how to show true operating income and expenses, excluding special contributions, such as Seeds of Faith. We will touch on accrual and cash-basis accounting and what fund accounting can do for you. Finally, we will look at some other information the finance council should have.



Basic Financial Statements

- o Statement of Financial Position
(Balance Sheet)
- o Statement of Change in Net Assets
(Income Statement)

There are 2 basic reports that make up financial statements you should present to the finance council. The first report – balance sheet – gives a snapshot of a specific point in time. The second report – income statement – gives the income and expense during a specified period of time.

Let's take a look at examples of each.

Show Balance Sheet and walk through the information it shows. Spend some time on the Fund section.

Show Income Statement and walk through the information it shows. Tie the net income back to the Balance Sheet.



Parish Operations

The parish financial statements show that we have net income for the year to date. However, I know we actually have a net loss.

Q: How do I show general operating income and expenses without Seeds of Faith and other restricted funds skewing the bottom line?

How many of you have had this problem. Your income statement is showing that you have net income of \$148,000 but you know most of this if not more is from Seeds of Faith.



Parish Operations

Option 1:
Custom Reports

Option 2:
Fund Accounting

Essentially, there are 2 ways to separate out the general operating activity. You can either create a custom report or you can enter the world of fund accounting. Let's take a look at what these entail.



Custom Reports

Option 1:

Hand enter
pertinent data
into spreadsheet
each month.

Option 2:

Create a custom
report in Logos
Management
Software which
includes selected
accounts.

Many of you already use your own custom made reports. This is not a bad option, but it can be time consuming, especially with the first option here.

The first option is to hand enter the general operating data into a spreadsheet every month, selecting the accounts you want to show. This works for special situations or one-time reports. It gets the job done. But this can be time consuming when the report has to be updated every month. As you hand enter data, the possibility of entering the wrong number or making simple mistakes is high. In this day and age of computers, this process should be automated, but how?

Show example of spreadsheet report.

The second option is to create a custom report in the accounting software. Logos allows users to write their own reports, showing exactly the information wanted. This automates the process and lowers the possibility of errors. It speeds up the process once the report is set up. The downside to this option is the need to take the time to write your custom report. However, once written, it is finished and your reports work as quickly as the standard reports in the software. The other downside is when you add accounts, you may need to go back and edit your custom report to make sure your new account is included.

Show example of Logos Custom Reports.

Fund Accounting

- Show income and expenses by fund
 - Operating Fund
 - Seeds of Faith
 - Building Fund
 - Organ Fund
 - Endowment Fund
 - Other Funds
- Fund balances on the Balance Sheet

To some of you, the world of fund accounting is this nebulous unknown. What you do know is that you don't want to enter it.

It may be easier than you think. In fact, with Logos, after some initial set up procedures and adding a few accounts, you can enter the world of fund accounting and not really do anything differently other than change which accounts you expense certain items to or deposit funds into. The software does the work for you.

What is the idea behind fund accounting?

Regardless of where the money physically is deposited, you can track income and expenses in your different funds and know the running balance of certain funds available. Thus, restricted funds, endowments, Seeds of Faith funds are all segregated from the general operating fund. What's more, you can show the activity pertaining to a certain fund all by itself.

Let's look at an example. Show balance sheet. Then show income statement by fund.

Now, you can see that even though before, the church was showing a net income of \$148,000, the true operating income shows up with the church being behind by \$8,700.

Other Information

- What else should the Finance Council see?
 - List of unpaid invoices
- Outside the Finance Council meeting
 - Someone should receive and review the unopened bank statement
 - Once the bank statement is reconciled, the reconciliation should be reviewed
 - Review invoices for checks written


Aside from the financial statements, what other information should the finance council see?

List of unpaid invoices

Discuss accrual and cash-basis accounting

If using accrual basis accounting, this list of unpaid invoices will be on the balance sheet in total. If using cash-basis accounting, you will need to create the list of unpaid invoices each month.

The finance council should also review bank statements and reconciliations in addition to invoices for checks written. These items are a significant part of a parish's internal controls. Internal controls are needed since the money handled at the parish is not anyone's but the church's. For accountability purposes, certain procedures should be followed.



Parish Financial Reporting Q & A

Accurate financial information is essential for effective management of parish fiscal resources.

I hope this discussion has given you more confidence in what you are presenting the finance council or given you ideas on how to change the reports that are currently being given to the finance council.

At this point, I will respond to any questions you may have.

The Diocese will be hosting online training sessions for parish bookkeepers and accountants in the coming months. You will find the schedule with the handouts you received.

Standard Balance Sheet - Consolidated (Statement of Financial Position)
St. Sample

Fiscal Year 2006, Period 11 (05/01/2006 to 05/31/2006)

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ASSETS

Current Assets

CASH ACCOUNTS	
Checking	4,348.19
Savings/Money Market	12,506.00
Diocese of Winona Deposit and Loan Fund	156,000.00
Seeds of Faith Building Fund	111,250.00
Seeds of Faith Endowment Fund	200,000.00
Seeds of Faith Endowment Income Fund	8,314.30
Total Current Assets	492,418.49

Receivables

ACCOUNTS RECEIVABLES	
Total Receivables	0.00

Fixed Assets

FIXED ASSETS	
Buildings	5,950,000.00
Furniture and Equipment	892,500.00
Total Fixed Assets	6,842,500.00

TOTAL ASSETS	7,334,918.49
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LIABILITIES AND FUND BALANCES

Current Liabilities

ACCOUNTS PAYABLE	
Vendors Payable	5,451.23
SPECIAL COLLECTIONS	
FUNDS HELD FOR OTHERS	
EMPLOYEE WITHHOLDINGS	
Total Current Liabilities	5,451.23

Long Term Liabilities

NOTES PAYABLE	
Loan from Diocese of Winona Deposit and	150,000.00
Total Long Term Liabilities	150,000.00

TOTAL Liabilities	155,451.23
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Fund Balance

FUND BALANCE	
Unrestricted Funds	26,095.23
Plant Fund	6,842,500.00
Total Fund Balance	6,868,595.23

Restricted Funds

Restricted Funds - SOF Building	111,250.00
Total Restricted Funds	111,250.00

Funds Held for Others

Standard Balance Sheet - Consolidated (Statement of Financial Position)
St. Sample

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Endowment Funds	208,314.30
Total Funds Held for Others	<u>208,314.30</u>
Fund Balance	
Current Surplus (Deficit)	(8,692.27)
Total Fund Balance	<u>(8,692.27)</u>
TOTAL Fund Balances	<u>7,179,467.26</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>7,334,918.49</u></u>

I & E Report Basic (Statement of Activities)
St. Sample

Fiscal Year 2006, Period 11 (05/01/2006) to 11 (05/31/2006)

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GI Account Number	Account Description	Current Period(s)	Current Ytd
Revenue			
4000-00-00	INCOME (Subject to Assess)		
4001-00-00	CHURCH SUPPORT		
4005-00-00	Adults	8,000.00	84,259.00
4006-00-00	Youth	100.00	1,365.98
4007-00-00	Offertory	3,900.00	29,589.23
4100-00-00	INVESTMENT INCOME		
4110-00-00	Interest-Other Accounts and Investments	0.00	156.30
4200-00-00	OTHER INCOME (Subject to Assess)		
4205-00-00	Bequests/Memorials	0.00	25,000.00
4250-00-00	Building/Maintenance Fund	0.00	7,800.00
4270-00-00	Parish Festival/Fundraising	0.00	15,623.45
4278-00-00	Stole Fees	0.00	500.00
4280-00-00	Rent of Facilities	0.00	600.00
4299-00-00	Miscellaneous	0.00	212.30
4500-00-00	INCOME (Not Subject to Assess)		
4516-00-30	Seeds of Faith Contributions - Building	0.00	100,000.00
4516-00-80	Seeds of Faith Contributions - Endowment	0.00	100,000.00
4540-00-00	Faith Formation Tuition	0.00	1,500.00
4570-00-80	Unrealized Gains/Losses	0.00	2,689.30
	Total	12,000.00	369,295.56
Expenditures			
5000-00-00	ADMIN/OFFICE/RECTORY		
5040-00-00	EMPLOYMENT EXPENSES		
5041-00-00	Priest Wages-assigned to parish	0.00	12,000.00
5044-00-00	Staff Wages-Lay and Religious	2,300.00	23,300.00
5051-00-00	Lay-FICA Taxes	0.00	1,650.00
5059-00-00	Lay/Religious-Health/Dental/Life/LTD Ins	0.00	5,200.00
5061-00-00	Priest-Pension	0.00	1,200.00
5063-00-00	Lay/Religious-Pension	0.00	1,000.00
5070-00-00	PROGRAM EXPENSES		
5071-00-00	Priest-Mileage Reimbursement	0.00	2,700.00
5074-00-00	Office Supplies	124.22	319.22
5075-00-00	Parish Audit	0.00	1,500.00
5076-00-00	Telephone	0.00	1,289.00
5078-00-00	Postage	25.00	683.00
5080-00-00	Utilities	259.00	259.00
5083-00-00	Cost of books and other religious items	0.00	150.00
5086-00-00	Rectory	375.00	12,731.57
5090-00-00	Catholic School Subsidy	0.00	27,500.00
5091-00-00	Diocesan Assessment	2,500.00	14,800.00
5092-00-00	Insurance	1,000.00	7,875.00
5093-00-00	Annual Diocesan Appeal Payments	0.00	3,200.00
5097-00-00	Loan Payments-Interest	0.00	5,689.00
5098-00-00	Charitable Contributions/Tithing	0.00	1,000.00

I & E Report Basic (Statement of Activities)
St. Sample

Page 2

<u>GI Account Number</u>	<u>Account Description</u>	<u>Current Period(s)</u>	<u>Current Ytd</u>
5099-00-00	Miscellaneous	0.00	1,402.29
5600-00-00	BUILDING AND GROUNDS		
5640-00-00	EMPLOYMENT EXPENSES		
5644-00-00	Maintenance Wages	600.00	5,600.00
5670-00-00	PROGRAM EXPENSES		
5680-00-00	Utilities	0.00	12,000.00
5692-00-00	Repair and Maintenance-Building and	0.00	6,894.22
6000-00-00	CAPITAL CAMPAIGN		
6040-00-00	EMPLOYMENT EXPENSES		
6070-00-00	PROGRAM EXPENSES		
6093-00-30	Building Contractor Expenses	0.00	45,000.00
6500-00-00	WORSHIP AND LITURGY		
6540-00-00	EMPLOYMENT EXPENSES		
6544-00-00	Liturgist/Musician Wages	500.00	8,500.00
6570-00-00	PROGRAM EXPENSES		
6591-00-00	Music	0.00	500.00
6595-00-00	Liturgical Supplies	0.00	1,680.00
7000-00-00	FAITH FORMATION		
7040-00-00	EMPLOYMENT EXPENSES		
7044-00-00	Director/Staff Wages	600.00	10,600.00
7070-00-00	PROGRAM EXPENSES		
7092-00-00	Curriculum	250.00	506.23
7094-00-00	Program Materials/Supplies	0.00	3,570.00
8000-00-00	SOCIAL MINISTRIES/SERVICE		
8040-00-00	EMPLOYMENT EXPENSES		
8070-00-00	PROGRAM EXPENSES		
8500-00-00	PASTORAL MINISTRIES		
8540-00-00	EMPLOYMENT EXPENSES		
8570-00-00	PROGRAM EXPENSES		
	Total	8,533.22	220,298.53
 Grand Total			
	Total Revenue	12,000.00	369,295.56
	Total Expenditures	(8,533.22)	(220,298.53)
	Net Revenue over Expense	3,466.78	148,997.03

I & E Report Fund Balances (with Budgets)
St. Sample

Fiscal Year 2006, Period 11 (05/01/2006) to 11 (05/31/2006)

Page 1

Account Description	Current Period(s)	Budget Same Period(s)	Current YTD	Budget YTD	Remaining in Budget
Revenue					
INCOME (Subject to Assess)					
CHURCH SUPPORT					
Adults	6,000.00	10,000.00	84,259.00	110,000.00	35,741.00
Youth	100.00	125.00	1,365.98	1,375.00	134.02
Offertory	3,900.00	3,000.00	29,589.23	33,000.00	6,410.77
INVESTMENT INCOME					
Interest-Other Accounts and Investments	0.00	20.83	156.30	229.13	93.70
OTHER INCOME (Subject to Assess)					
Bequests/Memorials	0.00	416.66	25,000.00	4,583.26	(20,000.00)
Building/Maintenance Fund	0.00	1,250.00	7,800.00	13,750.00	7,200.00
Parish Festival/Fundraising	0.00	0.00	15,623.45	15,000.00	(623.45)
Stole Fees	0.00	66.66	500.00	733.26	300.00
Rent of Facilities	0.00	66.66	600.00	733.26	200.00
Miscellaneous	0.00	83.33	212.30	916.63	787.70
INCOME (Not Subject to Assess)					
Faith Formation Tuition	0.00	166.66	1,500.00	1,833.26	500.00
Total	12,000.00	15,195.80	166,606.26	182,153.80	30,743.74
Expenditures					
ADMIN/OFFICE/RECTORY					
EMPLOYMENT EXPENSES					
Priest Wages-assigned to parish	0.00	1,200.00	12,000.00	13,200.00	2,400.00
Staff Wages-Lay and Religious	2,300.00	2,083.33	23,300.00	22,916.63	1,700.00
Lay-FICA Taxes	0.00	150.00	1,650.00	1,650.00	150.00
Lay/Religious-Health/Dental/Life/LTD Ins	0.00	500.00	5,200.00	5,500.00	800.00
Priest-Pension	0.00	125.00	1,200.00	1,375.00	300.00
Lay/Religious-Pension	0.00	100.00	1,000.00	1,100.00	200.00
PROGRAM EXPENSES					
Priest-Mileage Reimbursement	0.00	250.00	2,700.00	2,750.00	300.00
Office Supplies	124.22	41.66	319.22	458.26	180.78
Parish Audit	0.00	0.00	1,500.00	1,500.00	0.00
Telephone	0.00	125.00	1,289.00	1,375.00	211.00

I & E Report Fund Balances (with Budgets)
St. Sample

Account Description	Current Period(s)	Budget Same Period(s)	Current YTD	Budget YTD	Remaining in Budget
Postage	25.00	58.33	683.00	641.63	17.00
Utilities	259.00	0.00	259.00	0.00	0.00
Cost of books and other religious items	0.00	12.50	150.00	137.50	0.00
Rectory	375.00	1,500.00	12,731.57	16,500.00	5,268.43
Catholic School Subsidy	0.00	2,500.00	27,500.00	27,500.00	2,500.00
Diocesan Assessment	2,500.00	1,333.33	14,800.00	14,666.63	1,200.00
Insurance	1,000.00	666.66	7,875.00	7,333.26	125.00
Annual Diocesan Appeal Payments	0.00	0.00	3,200.00	3,000.00	(200.00)
Loan Payments-Interest	0.00	458.33	5,689.00	5,041.63	(189.00)
Charitable Contributions/Tithing	0.00	83.33	1,000.00	916.63	0.00
Miscellaneous	0.00	166.66	1,402.29	1,833.26	597.71
BUILDING AND GROUNDS					
EMPLOYMENT EXPENSES					
Maintenance Wages	600.00	600.00	5,600.00	6,600.00	1,600.00
PROGRAM EXPENSES					
Utilities	0.00	1,250.00	12,000.00	13,750.00	3,000.00
Repair and Maintenance-Building and	0.00	541.66	6,894.22	5,958.26	(394.22)
CAPITAL CAMPAIGN					
EMPLOYMENT EXPENSES					
PROGRAM EXPENSES					
WORSHIP AND LITURGY					
EMPLOYMENT EXPENSES					
Liturgist/Musician Wages	500.00	833.33	8,500.00	9,166.63	1,500.00
PROGRAM EXPENSES					
Music	0.00	41.66	500.00	458.26	0.00
Liturgical Supplies	0.00	0.00	1,680.00	0.00	0.00
FAITH FORMATION					
EMPLOYMENT EXPENSES					
Director/Staff Wages	600.00	1,000.00	10,600.00	11,000.00	1,400.00
PROGRAM EXPENSES					
Curriculum	250.00	83.33	506.23	916.63	493.77
Program Materials/Supplies	0.00	208.33	3,570.00	2,291.63	(1,070.00)
SOCIAL MINISTRIES/SERVICE					

I & E Report Fund Balances (with Budgets)
St. Sample

Account Description	Current Period(s)	Budget Same Period(s)	Current YTD	Budget YTD	Remaining in Budget
EMPLOYMENT EXPENSES					
PROGRAM EXPENSES					
PASTORAL MINISTRIES					
EMPLOYMENT EXPENSES					
PROGRAM EXPENSES					
Total	8,533.22	15,912.44	175,298.53	179,536.84	22,090.47
Total for					
Total Revenue	12,000.00	15,195.80	166,606.26	182,153.80	30,743.74
Total Expenditures	(8,533.22)	(15,912.44)	(175,298.53)	(179,536.84)	(22,090.47)
Net Revenue over Expense	3,466.78	(716.64)	(8,692.27)	2,616.96	8,653.27
Ending Fund Balance			(8,692.27)		

I & E Report Fund Balances (with Budgets)
St. Sample

Account Description	Current Period(s)	Budget Same Period(s)	Current YTD	Budget YTD	Remaining in Budget
Beginning Balance					
Restricted Funds - SOF Building			56,250.00		
Revenue					
Seeds of Faith Contributions - Building	0.00	0.00	100,000.00	0.00	0.00
Total	0.00	0.00	100,000.00	0.00	0.00
Expenditures					
Building Contractor Expenses	0.00	0.00	45,000.00	0.00	0.00
Total	0.00	0.00	45,000.00	0.00	0.00
Total for					
Total Revenue	0.00	0.00	100,000.00	0.00	0.00
Total Expenditures	0.00	0.00	(45,000.00)	0.00	0.00
Net Revenue over Expense	0.00	0.00	55,000.00	0.00	0.00
Ending Fund Balance			111,250.00		

I & E Report Fund Balances (with Budgets)
St. Sample

Account Description	Current Period(s)	Budget Same Period(s)	Current YTD	Budget YTD	Remaining in Budget
Beginning Balance					
Endowment Funds			105,625.00		
Revenue					
Seeds of Faith Contributions -	0.00	0.00	100,000.00	0.00	0.00
Unrealized Gains/Losses	0.00	0.00	2,689.30	0.00	0.00
Total	0.00	0.00	102,689.30	0.00	0.00
Total for					
Total Revenue	0.00	0.00	102,689.30	0.00	0.00
Total Expenditures	0.00	0.00	0.00	0.00	0.00
Net Revenue over Expense	0.00	0.00	102,689.30	0.00	0.00
Ending Fund Balance			208,314.30		
Grand Total					
Total Revenue	12,000.00	15,195.80	369,295.56	182,153.80	30,743.74
Total Expenditures	(8,533.22)	(15,912.44)	(220,298.53)	(179,536.84)	(22,090.47)
Net Revenue over Expense	3,466.78	(716.64)	148,997.03	2,616.96	8,653.27
Ending Fund Balance			310,872.03		

Open Items
St. Sample
May 31, 2006

Checking Account 1

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Vendor	Reference	Invoice #	Invoice Date	Due Date	Amount
Diocese of Winona	assessment		04/30/2006	04/30/2006	2,500.00
Winona Area Catholic Schools	School Subsidy		04/30/2006	04/30/2006	2,500.00
Winona Printing	bulletin		04/30/2006	04/30/2006	195.00
Wm Sadlier and Co.	Faith formation		04/30/2006	04/30/2006	256.23
Totals for Checking Account					5,451.23
GRAND TOTALS					<u>5,451.23</u>

4 Records Selected