

Parish Chart of Accounts and Temporalities Manual Training

Archdiocese of New Orleans

OVERVIEW

- ▶ Chart of accounts and temporalities manual have both been updated and approved
- ▶ Goal of this project was to update procedures to provide accurate timely financial data in order to make better financial decisions and properly plan
- ▶ Important to be good stewards of church resources (Time, Money & People)

Overview (cont.)

- ▶ Effective date - fiscal year beginning July 1, 2019
- ▶ The manual has been designed around QuickBooks (over 90% use QB)
- ▶ The manual and chart of accounts have been posted on the Archdiocese website in the following locations:
 - ▶ Home page at bottom under Policies & Procedures Manuals
 - ▶ Accounting Office page

ELECTRONIC ACCOUNTING SYSTEM

- ▶ All parishes must maintain a computerized set of financial records such as QuickBooks (online or desktop)
- ▶ The financial records must be maintained on-site - kept/maintained at the parish office not at an outside accountant's office or other outside location

CHART OF ACCOUNTS

- ▶ Chart of accounts is now an appendix to the temporalities manual instead of being imbedded in the manual
- ▶ New presentation will allow the chart of accounts to be easily updated in the future
- ▶ The appendix includes descriptions for each account which detail what should be recorded in each
- ▶ Goal is to have standardization across the Archdiocese while allowing for customization to fit the need's of each parish

CHART OF ACCOUNTS CONT'D

- ▶ Parish chart of accounts has been updated to incorporate an account number structure which is more in line with standard accounting practices
 - ▶ 1000 Accounts - Assets
 - ▶ 2000 Accounts - Liabilities
 - ▶ 3000 Accounts - Net Assets
 - ▶ 4000 Accounts - Income
 - ▶ 5000 Accounts - Expenses

CHART OF ACCOUNTS CONT'D

- ▶ All parishes must use the exact account number structure and account names that are listed in the new chart of accounts
- ▶ If there is a need for an additional account that is not included in the chart of accounts, the parish may create a sub-account of an appropriate account which is included or using class tracking may be more appropriate to track certain things

CASH ACCOUNTS

- ▶ Parishes should include all cash accounts of the parish on the financial statements (accounting records) versus only the operating account
 - ▶ Operating bank account
 - ▶ Fair/fundraising bank accounts
 - ▶ Charitable gaming bank accounts
 - ▶ Organization bank accounts
 - ▶ Ministry bank accounts
 - ▶ PayPal accounts
 - ▶ Archdiocesan savings accounts
 - ▶ Catholic Community Foundation accounts
- ▶ **Note:** Parishes should not record their cemetery cash accounts on the financial statements - these accounts are maintained by the New Orleans Catholic Cemeteries office.

ARCHDIOCESAN LOANS

- ▶ Parishes must include all archdiocesan loans on the financial statements (accounting records)
- ▶ Including all accounts on the financial statements (accounting records) will enable pastors to get a full financial picture of the parish and assist them in budgeting and making financial decisions for the parish
- ▶ Budgeting needs to include not only current operations but long-term capital needs and savings and debt management

OPERATING VS. MINISTRY VS. ORGANIZATIONS

- ▶ Since all accounts of the parish will now be included on the financial statements (accounting records) - parish will need to distinguish between operating activities, ministry activities, and organization activities
- ▶ Operating activities are income and expenses which arise from the operations of the parish
- ▶ Ministry activities are related to specific ministries of the parish (e.g. ministry for the poor, church outreach programs)
- ▶ Organization activities are activities related to organizations of the parish and are included in accounts which the parish holds on behalf of the organization (e.g. Men's/Women's Club)

MINISTRY ACCOUNTS

- ▶ Ministry account activity must be included on the Statement of Activities in accounts 4310 - Ministry Income and 5257 - Ministry Expense (Other than Salaries)
- ▶ Ministry income will be excluded from assessment (parish share) calculation
- ▶ Examples include:
 - ▶ Ministry for the Poor
 - ▶ Church Outreach Programs
 - ▶ Senior Programs

ORGANIZATION ACCOUNTS

- ▶ Must be included on the financial statements (accounting records)
- ▶ Will be considered custodial (funds held for others) with a corresponding liability account so show the amount held by the parish on behalf of its organization
- ▶ The activity for these do not get recorded in your revenue and expense
- ▶ Income is only reported as donations when transfer made to operating account from these accounts
- ▶ Examples include:
 - ▶ Men's Club
 - ▶ Women's Club
 - ▶ Boy Scouts

BANK ACCOUNT CONTROLS

- ▶ All Organization and Ministry accounts must follow the same internal control procedures as Operating accounts
- ▶ Organization accounts require at least minimal oversight
 - ▶ Pastor must be signer on the account
 - ▶ Bank statements should be mailed to the parish
 - ▶ Bank Statement should be reviewed by the Pastor
 - ▶ Comparative Balance Sheet reviewed each month

EXTRA-DIOCESAN SPECIAL COLLECTIONS

- ▶ Amounts received for required extra-diocesan special collections (pass-thru funds that are not part of the parish operating budget) have now been moved to the Statement of Financial Position (Balance Sheet) as liabilities
- ▶ This change will allow for better tracking of special collections to ensure all funds received are properly submitted for specified purposes
- ▶ Removes this activity from the operating statement

INCOME AND EXPENSE ACCOUNTS

- ▶ Several new income and expense accounts have been added to provide for better classification of parish activities
- ▶ Examples include:
 - ▶ Ministry income and expense accounts (previously discussed)
 - ▶ Online giving collections income account
 - ▶ Expanded salary expense account options and contract labor accounts
 - ▶ Professional expense account
 - ▶ Conference and travel expense account
 - ▶ Music expense account
 - ▶ Etc.

NON ASSESSED INCOME

- ▶ Special Building Campaign account - should only include income/donations received which are for archdiocesan approved campaigns
- ▶ Non assessed income account (new account) - all other non assessed income should be recorded in this account - for example - BP settlement income
- ▶ Parish must have documented approval from the Archdiocese to include any income/donations in a non assessed income account

FAIR/FUNDRAISING INCOME AND EXPENSES

- ▶ Fair/fundraising income and expenses should no longer be netted
- ▶ Fair/fundraising income should be recorded in account 4220 - Entertainment, Fairs and Fundraisers, etc.
- ▶ Fair/fundraising expenses should be recorded in account 5280 - Entertainment, Fairs and Fundraisers, etc.
- ▶ Fundraising expenses will still reduce total income for parish share calculation

NETTING OF EXPENSES

- ▶ In general - netting of expenses with income should not take place (as discussed previously with fair/fundraising income and expenses)
- ▶ Some exceptions are allowed
- ▶ One common exception is utility reimbursements - if a parish receives a reimbursement for utilities from an outside entity, the reimbursement amount can be netted against the related expenses as the parish's true expense is the net amount
- ▶ Goal is to reflect all revenue and expense for the parish

ACCOUNTS PAYABLE/ACCRUED EXPENSES

- ▶ Parishes have the option to record accounts payable and/or accrued expenses (including payroll liabilities). This will help in the parish's budgeting process as expenses will be captured in the correct accounting period.
- ▶ This is accomplished by using the "Enter Bill/Pay Bill" function in QuickBooks instead of "Write Check"
- ▶ This feature allows you to enter the expense in the proper month whereas the check function records the expense on the date of the check

ASSESSMENT LIABILITIES

- ▶ Parishes have the option to record assessment liabilities as well
- ▶ These accounts are used to record and track the amounts owed to the Archdiocese for the annual assessment (parish share and insurance)

ASSESSMENT LIABILITIES EXAMPLE

- ▶ Step 1 - parish should record the total amount owed for its assessment at the beginning of the fiscal year using the entry below:

Parish Assessment Future Expense	\$ XXXX	
ANO Balance due per Archdiocese Statement		\$ XXXX

- ▶ Step 2 - parish should recognize the monthly assessment expense on its Statement of Activities (Profit and Loss) using the entry below:

Assessments (break out by type)	\$ XXXX	
Parish Assessment Future Expense		\$ XXXX

ASSESSMENT LIABILITIES EXAMPLE

CONT'D

- ▶ Step 3 - as payments are made toward the assessment balance owed to the Archdiocese, the parish should lower the liability to the Archdiocese using the entry below:

ANO Balance due per Archdiocese Statement	\$ XXXX
Operating Account	\$ XXXX

- ▶ Entries may be recorded in the same manner for flood assessment each year as well
- ▶ Be sure to indicate on checks (or check stubs) sent to Archdiocese what payments are for - use words not codes so that payments will be posted properly

OTHER USEFUL INFORMATION

- ▶ Temporalities manual includes references to laws and regulations which parishes must comply with in regards to many areas including:
 - ▶ Fundraising events
 - ▶ Sales taxes
 - ▶ Charitable gaming
 - ▶ Payroll taxes and personnel issues
 - ▶ Etc.

OTHER USEFUL INFORMATION CONT'D

- ▶ Temporalities manual now includes updated information regarding payroll and benefits and includes references to requirements for personnel files and benefits administration
- ▶ Temporalities manual includes various sample items to assist parishes in the development of recommended/required items such as :
 - ▶ Sample Credit Card Policy
 - ▶ Sample Month/Year End Closing Checklist
 - ▶ Sample Parish Financial Statements
 - ▶ Statement of Financial Position (Balance Sheet) - reports a point in time
 - ▶ Statement of Activities (P&L or Income Statement) - specified period (ex. month or year)

Other QuickBooks Tips

- ▶ How to Run a report and drill down
- ▶ Report Formats
- ▶ Collapse and Expand (Same feature in Excel called Grouping found under Data tab)
- ▶ Close the books
- ▶ Turn on Class Tracking
- ▶ Customer Label
- ▶ Warn if duplicate check or bill

Implementation

- ▶ Accounting Assistance Program - all done for you
- ▶ Trainings
- ▶ Workshops to be held in computer lab to assist with chart of account changes
- ▶ Accounting Assistance available for set up only
- ▶ Future Trainings as necessary

Conclusion

- ▶ Important to have foundation in order to prepare accurate financial data for decision makers and parishioners
- ▶ Good Stewards of Church Resources

QUESTIONS??

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