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).
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 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.
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
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.
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
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
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.
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.
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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