

INVENTORY PROCESS

Many parishes/schools may have inventory (scrip, bingo, gift shop) that is material in cost. The proper approach to record inventory is to record the cost of inventory on hand and expense the inventory used. If you opt to record inventory on hand, the transactions are as follows:

Each time inventory (scrip, bingo, gift shop) is purchased the entry is (assuming paid \$5,000 for scrip):

<i>Debit</i>	<i>XX599XX</i>	<i>Scrip Cost</i>	<i>\$5,000</i>	
<i>Credit</i>	<i>0010200</i>	<i>Checking Account</i>		<i>\$5,000</i>

At the end of each fiscal year an inventory is taken of scrip on hand. If it is determined that the scrip on hand has a value of \$1,000, the entry is:

<i>Debit</i>	<i>00130XX</i>	<i>Scrip Inventory</i>	<i>\$1,000</i>	
<i>Credit</i>	<i>XX599XX</i>	<i>Scrip Cost</i>		<i>\$1,000</i>

Items that could be material that should be inventoried are Scrip, Bingo game materials and Gift Shop inventory. For scrip and bingo, sub-accounts should be used to help identify the different inventory/cost types. (i.e. Scrip = 10 then XX59910 = Scrip Cost and 0013010 = Scrip Inventory, etc). For Gift Shop inventory, account 596 is used to record the cost of goods used (a sub-account should be set up for the inventory as well).