

Parish Accounting System

The Chart of Accounts is the list of accounts that are to be used for the recording of parish financial transactions. The Chart of Accounts and the corresponding definitions should be read thoroughly to ensure a proper understanding of how to classify income and expenses.

An optional expanded Chart of Accounts follows the regular Chart of Accounts.

All money received and all money spent should be recorded under one or more of the accounts listed in the Chart of Accounts. If you encounter a transaction that does not appear to belong in any of the captioned accounts, use the Other accounts (account 460 for income and account 568 for expense) or contact the Finance Office.

PARISH CHART OF ACCOUNTS

<i>Standard Coding</i>	
<u>Account #</u>	<u>Description</u>
100's	Assets
200's	Liabilities
300's	Net Assets/Financial Status
400's	Revenue
500's	Expense

STATEMENT OF FINANCIAL POSITION ACCOUNTS (BALANCE SHEET)

Assets

100	Checking Account
105	Petty Cash
110	Savings Account
115	Certificates of Deposit
120	Catholic Deposit and Loan Fund of NWPA
125	Loan Receivable
130	Investments

Liabilities

200	Accounts Payable
210	Funds Held for Diocese and Others
230	Payroll Withholdings and Taxes Payable
240	Diocesan Assessments
250	Elementary Assessments
255	Secondary Assessments
280	Loan Payable

Net Assets

300	Net Assets/Financial Status
350	Past Due Assessments & Accounts Payable

STATEMENT OF ACTIVITIES ACCOUNTS (INCOME STATEMENT)

Income

410	Offertory
420	Bequests and Special Gifts
430	Investment Income
440	Capital Fund Drives
445	Parish Activities
460	Other
470	Catholic Services Appeal Over(Under)

Operating Expenses

500	Salaries - Clergy
501	Benefits - Clergy
503	Salaries - Employees
505	Benefits - Employees
510	Rectory Expense
520	Office Expense
521	Altar, Sanctuary, Liturgical
530	Plant Maintenance, Supply and Repair
531	Utilities
532	Insurance and Real Estate Taxes
540	Capital Fund Drives
545	Parish Activities
550	Diocesan Fund/FAITH
560	Elementary School Support
565	Catholic School Support
567	Religious Education
568	Other

Capital Expenses and Loan Interest

580	Major Construction
581	Extraordinary Items - Repairs, Equipment, Real Estate
591	Loan Interest

STATEMENT OF FINANCIAL POSITION ACCOUNT (BALANCE SHEET)

DEFINITIONS - The captions for most of these accounts are self-explanatory and are therefore not defined. However, if you have any questions on any of the "Statement of Financial Position" accounts that are not described below please contact the Director of Parish Financial Services for more information.

Assets

- 125 Loan Receivable** - Loans to churches and cemeteries. Loans to individuals are strictly prohibited.
- 130 Investments** - The fair market value of all types of investments. Examples include stocks, bonds, mutual funds, index funds, etc.

Liabilities

- 200 Accounts Payable** - Please refer to account 350, Past Due Assessments and Accounts Payable listed below.
- 210 Funds Held for Diocese and Others** - Record the total amount collected that is to be remitted for the Catholic Services Appeal and the various special collections. Amounts retained or paid directly by the parish are recorded in account 470, Catholic Services Appeal Over(Under).
- 240, 250, 255 Assessments** - Please refer to account 350, Past Due Assessments and Accounts Payable, listed below.

Net Assets

- 300 Net Assets/Financial Status** - Assets minus liabilities = nets assets/financial status.
- 350 Past Due Assessments and Accounts Payable** - Past due assessments and accounts payable billings that were not paid by the respective due date(s) and remain unpaid as of the date of the reporting period are to be recorded to this account through a monthly journal entry. Example: The Diocesan Fund installment of \$4,000 due on April 1st is not paid by the end of April. The following journal entry would be made before the month of April has been closed:

	Debit	Credit
Account 350, Past Due Assessments & A/P	\$4,000	
Account 240, Diocesan Assessments		\$4,000

When the \$4,000 is paid, the expense account 550, Diocesan Fund, would be debited and the cash account credited. An adjusting journal entry would then be made to reverse the above entry:

	Debit	Credit
Account 240, Diocesan Assessments	\$4,000	
Account 350, Past Due Assessments & A/P		\$4,000

STATEMENT OF ACTIVITIES ACCOUNT (INCOME STATEMENT) DEFINITIONS

Income

- 410 Offertory** - All collections taken up in church for the support of the parish and elementary school, if applicable. To include monthly collections, loose change, Christmas, Easter, Holy Days, children's envelopes, and monies received for fuel, maintenance, or use within the parish for other types of operating expenses. Do not include Funds Held for Diocese and Others as defined under liability account 210.
- 420 Bequests and Special Gifts** - All gifts, whether in money, property, or equipment. Includes memorials, bequest proceeds, and unsolicited gifts from individuals. Do not include gifts from parish societies or organizations (see account 445).
- 430 Investment Income** - Interest, dividends, and change in market value (current fiscal year change in realized and unrealized appreciation or depreciation) and fees from all investments held by the parish including parish endowments and trusts. Also includes distributions from trusts and endowments held by others for the benefit of the parish.
Includes interest income that is "rolled over" or reinvested with Certificates of Deposit or bank accounts, reinvested dividends, and management expenses.
- 440 Capital Fund Drives** - Gross revenue from approved building projects, renovation or debt reduction drives, including pledge payment receipts.
- 445 Parish Activities** - Gross revenue received from festivals, dinners, picnics, dances, parish days, and other events and activities for the benefit of the parish community as a whole. (Events and activities, the proceeds from which are designated for the parish school, may be recorded on the school report.) Also includes gifts and amounts received from parish societies and organizations as well as direct payments of parish expenses.
- 460 Other** - Sales of religious goods, books and music, religious education program fees, votive candle money and flower monies, and insurance reimbursement claims. Also includes property and equipment sales, rental proceeds (parish hall, gym, other properties), royalty income (e.g., natural gas, timber rights), and bulletin company commissions.
Reimbursements for salaries and benefits, and utilities, should be credited to the particular expense category originally charged (e.g., credit account 503, Salaries - Employees).
- 470 Catholic Services Appeal Over(Under)** - Record the parish share of the Catholic Services Appeal and other special collections. For example, record the amount collected on the Catholic Services Appeal that exceeds your goal. If you are short of the goal, record the amount paid to the Diocese to meet the goal. The amount collected short of or equal to the goal is recorded in account 210, Funds Held for Diocese and Others.

Operating Expenses - All normal expenses of the parish other than major construction and extraordinary repairs, & loan interest.

500 Clergy Salaries - Amounts paid to pastors, administrators, parochial vicars, visiting priests and deacons.

501 Clergy Benefits - Diocesan assessment for priest retirement, clergy health insurance premiums. Continuing education, seminar, retreat, and other reimbursable expenses.

503 Employees Salaries - Gross amounts paid to religious and lay employees for services such as clerical, accounting, maintenance, housekeeping, pastoral ministry, music, etc. Pro-rate mission, school and cemetery portions if applicable. Record Religious Education salaries to account 567, Religious Education.

505 Employees Benefits - Employer FICA, retirement contribution, health insurance, Pennsylvania Unemployment Compensation, gifts and other benefits.

510 Rectory Expense - Household expenses, supplies, food, and periodicals.

520 Office Expense - All office expenses such as postage, printing, contribution envelope costs, bank service charges and supplies. Office equipment/furniture purchases and maintenance contracts \$2,500 and under, repairs \$5,000 and under. Include computer software, supplies, and internet access fees.

521 Altar, Sanctuary, Liturgical - Altar wine and bread, vestments, linens, flowers, hymnals, missalettes, prayer books, votive candles, and related expenses.

530 Plant Maintenance Supply and Repair - All maintenance expenses, cleaning and minor repairs. Include the cost of supplies and tools maintaining equipment (Individual tools or equipment costing more than \$2,500 and repairs of more than \$5,000 to account 581).

531 Utilities - Telephone, gas, water, electric, heat, cable TV, garbage and sewer. Pro-rate school share based on estimated usage.

532 Insurance and Real Estate Taxes - Diocesan property and liability self-insurance (Pro-rate school share if applicable). Taxes on property.

540 Capital Fund Drives - All expenses directly related to account 440 Capital Fund Drives. Examples include professional fees, equipment rental, printing, mailings, dinners, etc.

545 Parish Activities - All expense related to the gross revenue classified in account 445 Parish Activities.

- 550 Diocesan Fund/Regional Resource Sharing** - Parish tax for its share of the diocesan operational budget including Faith magazine.
- 560 Elementary School Subsidy** - The total amount of funds paid to an elementary school for operating expenses. Also to include the school's share of expenses paid directly by the parish account (e.g., shared employees, utilities). Capital expenditures for the school that are paid by the parish are recorded in account 580 or 581.
- 565 Catholic School Support** - All assessments paid to the diocese, k-12 and secondary regional schools for Catholic education. Also, any scholarships or financial assistance provided directly to students.
- 567 Religious Education** - All operating expenses for religious education, RCIA and youth programs. Includes program expenditures such as books, instructional materials, supplies, etc. Also includes reasonable allocations of related salaries and benefits.
- 568 Other** - Miscellaneous expenses, other purchased goods and services, and charitable donations made by parish.

Capital Expenditures – Major construction, renovations, major purchases of equipment, and loan interest.

- 580 Major Construction** - Include totals paid for new construction and major renovation projects such as architect fees, general construction, equipment and furnishing expenses.

NOTE Diocesan approval is required for certain capital projects. Please refer to page 11-1 for additional information.

- 581 Extraordinary Items - Repairs, Equipment, Real Estate** - Include substantial repairs, alterations or changes that extend the useful life of buildings. Also include improvements to land. Major repairs and improvements would include all projects exceeding \$5,000.

Include purchases of equipment and furniture (maintenance, office, computer, appliances, etc.) that cost more than \$2,500. Include lease payments if total more than \$2,500 for the year.

Record any real estate purchases.

NOTE Diocesan approval is required for real estate transactions and certain capital expenditures. Please refer to page 11-1 for additional information.

- 591 Loan Interest** - Payments of interest on all types of loans or debt.

Parish Expanded Chart of Accounts

Please use the following expanded chart of accounts if you desire a more detailed breakdown of the income and expense accounts. Otherwise, please use the standard chart of accounts beginning on page 4-1.

NOTE

You can add your own detailed accounts as they become necessary. The “.01” extensions are for Parish Data System users only.

Statement of Financial Position Accounts (Balance Sheet)

<u>ACCOUNT</u>	<u>DESCRIPTION</u>
100	Assets
100	Checking Accounts
100-05.01	General Fund
100-30.01	Capital Campaign
105-05.01	Petty Cash
110	Savings Accounts
110-05.01	Regular Savings/Money Market
110-20.01	Capital Campaign
115-05.01	Certificates of Deposit
120-05.01	Catholic Deposit and Loan Fund of Northwest Pennsylvania
120-06.01	Catholic Foundation of Northwest Pennsylvania
125-05.01	Loan Receivable (Note: loans to individuals are strictly prohibited)
127-05.01	Salary Receivable (Shared Salaries, etc.) (Optional)
130	Investment Accounts
130-05.01	Parish Endowment Fund
130-10.01	(Open)
130-15.01	Mutual Fund/Stock Investments
130-20.01	Capital Campaign
199	Total Assets

200	Liabilities
200-05.01	Accounts Payable
210	Funds Held for Diocese and Others
210-05.01	National Needs - Home - Mission/Black & Indian
210-10.01	Good Shepherd Sunday Collection
210-11.01	Priestly Education and Care (optional)
210-15.01	FAITH Magazine and Catholic Communications
210-20.01	Catholic Education (Parish 50% Share to account 470)
210-25.01	Mission Sunday (Propagation of the Faith)
210-30.01	Campaign for Human Development
210-35.01	Retirement Fund for Religious
210-40.01	Missionary Cooperative Plan
210-45.01	Church in Latin America
210-50.01	Catholic Services Appeal
210-55.01	Holy Land (Optional)
210-60.01	Operation Rice Bowl
210-65.01	International Needs - Catholic Relief Services & Church in Eastern Europe
210-70.01	Holy Father (Peter's Pence)
210-80.01	Second Harvest Food Bank/Local Food Bank/Pantry
210-85.01	Cemetery
230	Payroll Withholdings and Taxes Payable
230-15.01	Federal Income Tax
230-20.01	FICA (Social Security and Medicare) Tax
230-25.01	FICA Tax - Employer (Optional)
230-30.01	State Income Tax
230-35.01	Local Income Tax
230-40.01	State Unemployment Compensation Tax
230-45.01	Fidelity 401(k) Retirement Plan
230-47.01	Health Insurance
230-50.01	Local Services Tax (LST)
230-60.01	Credit Union
230-65.01	Tuition
230-70.01	Catholic Services Appeal
240-00.01	Diocesan Assessments
250-00.01	Elementary Assessments (Owed directly to Elementary School)
255-00.01	Secondary Assessments (Owed directly to Secondary School)
269-99.01	Total Current Liabilities
280	Long Term Liabilities
280-05.01	Loan Balance (Proceeds & Principal payments)
289-99.01	Total Long Term Liabilities
299	Total Liabilities
300	Net Assets/Financial Status
310-01.01	Unrestricted Net Assets
315-01.01	Unrestricted Designated Net Assets
320-01.01	Temporarily Restricted Net Assets
330-01.01	Permanently Restricted Net Assets
340-01.01	Current Year Net Income/(Loss) (Optional)
350-01.01	Past Due Assessments/Accounts Payable
399	Total Net Assets/Financial Status

Statement of Activities (Income Statement)

400	Income
410	Offertory
410-04.01	Electronic Offertory
410-05.01	Envelopes
410-06.01	Loose
410-10.01	Children/Youth
410-15.01	
410-30.01	Easter
410-35.01	Christmas
410-50.01	Utilities/Fuel
420	Bequests and Special Gifts
420-05.01	Will Proceeds
420-10.01	Special Gifts
420-15.01	Memorials
430	Investment Income
430-10.01	Interest and Dividends unrestricted parish accounts
430-13.01	Interest and Dividends from Catholic Deposit & Loan Fund/Catholic Foundation
430-15.01	Interest and Dividends from Parish Endowments/Trusts
430-17.01	Interest and Dividends from Capital Project accounts
430-19.01	Loan Interest income
430-20.01	Management Fees
430-50.01	Current Fiscal Year Change in Market Value
430.80.01	Distributions received from other Endowments/Trusts
440	Capital Fund Drives
440-05.01	Capital Fund Drives
440-10.01	Debt Reduction Drive
445	Parish Activities
445-05.01	Rosary Society
445-10.01	Fund Raiser
445-15.01	Parish Organizations
445-20.01	Festival
445-25.01	Parish Day
445-31.01	Bingo - Regular (net of payouts)
445-32.01	Bingo - Instant (net of payouts)
445-33.01	Bingo - Early bird (net of payouts)
445-34.01	Bingo - Specials (net of payouts)
445-37.01	Bingo - Concession Sales
445-39.01	Bingo - Other

460	Other Income
460-05.01	Votive Candles
460-16.01	Flowers
460-10.01	Property and Equipment Proceeds
460-15.01	Royalty Income
460-20.01	Rental Income
460-30.01	Religious Education Class Fees
460-31.01	Sacramental Preparation Fees
460-32.01	Adult Education Program Fees
460-33.01	Family Education/Activity Day Fees
460-34.01	Religious Education - Other Income
460-50.01	Bulletin Company Commissions and Gifts
460-90.01	Miscellaneous
470	Catholic Services Appeal Over(Under)
470-10.01	Priestly Education/Care
470-50.01	Catholic Services Appeal Overage/Underage
470-60.01	Catholic Education Collection (Parish share)
499	Total Income

500	Expenses
500	Salaries - Clergy
500-05.01	Pastor/Administrator
500-10.01	Parochial Vicar
500-15.01	Senior Associate
500-20.01	Visiting Priests
500-25.01	Deacon
501	Benefits - Clergy
501-05.01	Retreats/Education
501-10.01	Priest Hospitalization
501-15.01	Priest Retirement
501-20.01	Ministry Mileage
501-25.01	Priest 401(k) Employer Match
503	Salaries - Employees
503-05.01	Bookkeeper/Accountant
503-10.01	Pastoral Associate
503-15.01	Secretary
503-20.01	Office Help
503-25.01	Housekeeper
503-30.01	Sacristan
503-35.01	Cook
503-40.01	Music Director
503-45.01	Organist
503-50.01	Maintenance
503-55.01	Traffic Control
503-60.01	Liturgical Director
505	Benefits - Employees
505-05.01	Employer FICA Tax
505-10.01	Hospitalization
505-15.01	Retirement (401(k) Plan)
505-20.01	Workers Compensation
505-25.01	Pennsylvania Catholic Conference - Unemployment Compensation
505-30.01	Life Insurance
505-35.01	Vehicle
505-40.01	Gifts/Dinners
505-90.01	Miscellaneous
510	Rectory Expense
510-05.01	Food
510-06.01	Off-Premise Meals
510-10.01	Cleaning & Maintenance
510-15.01	Minor Equipment (Over \$2,500 to account 581)
510-20.01	Rectory Improvements (Over \$5,000 to account 581)
510-25.01	Furniture & Fixtures (Over \$2,500 to account 581)
510-30.01	Miscellaneous

520 Office Expense
 520-05.01 Supplies
 520-10.01 Printing
 520-15.01 Postage
 520-25.01 Newspapers & Subscriptions
 520-30.01 Equipment Maintenance Contracts (\$2,500 and under)
 520-35.01 Data Processing (Includes Payroll Fees)
 520-36.01 Offertory E-Giving Fees
 520-40.01 Contracted Services
 520-45.01 Furniture & Fixtures (\$2,500 and under)
 520-50.01 Equipment (\$2,500 and under)
 520-55.01 Computer Software, Supplies, and Internet Access Fees
 520-90.01 Miscellaneous

521 Altar, Sanctuary, Liturgical
 521-05.01 Hosts
 521-06.01 Candles
 521-08.01 Flowers
 521-10.01 Vestments
 521-15.01 Music/Missalettes
 521-20.01 Decorations
 521-30.01 Altar Wine
 521-90.01 Miscellaneous

530 Plant Maintenance
 530-05.01 Repairs & Maintenance
 530-10.01 Lawn Care
 530-15.01 Snow Plowing
 530-20.01 Cleaning Supplies
 530-25.01 Small Tools
 530-90.01 Miscellaneous

531 Utilities
 531-05.01 Gas
 531-10.01 Electric
 531-15.01 Telephone – Line charges and local service
 531-16.01 Telephone – Long Distance
 531-17.01 Cell Phone Charges
 531-20.01 Water & Sewer
 531-25.01 Cable/Satellite TV
 531-30.01 Trash removal or hauling
 531-90.01 Miscellaneous

532 Insurance & Real Estate Taxes
 532-05.01 Self Insurance Assessment
 532-10.01 Real Estate Taxes
 532-90.01 Miscellaneous

540	Capital Fund Drives
540-10.01	Professional Fees
540-15.01	Printing
540-20.01	Postage
540-25.01	Supplies
540-30.01	Commemorative Items
540-90.01	Miscellaneous
545	Parish Activities
545-05.01	Rosary Society
545-10.01	Salaries including Bingo Workers
545-15.01	Parish Organizations
545-20.01	Festival
545-25.01	Parish Day
545-30.01	Bingo
545-35.01	Bingo - Benefits and employer payroll taxes
545-36.01	Bingo - Advertising
545-37.01	Bingo - Supplies
545-38.01	Bingo - Concessions
545-39.01	Bingo - Repairs & Equipment
545-40.01	Bingo - Utilities
545-90.01	Bingo - Other
550-05.01	Diocesan Fund
550-10.01	Regional Sharing
560	Elementary School Support
560-05.01	Parish Subsidy to Parish School (use 565-05.01 for non-parish elementary)
565	Catholic School Support
565-05.01	Catholic School Assessment/Subsidy (Includes k-12 and secondary)
565-10.01	Financial Assistance Paid Directly to Students
567	Religious Education
567-00.01	Director Salary
567-01.01	Secretary Salary
567-05.01	Instructor Salaries
567-10.01	Employee Benefits
567-20.01	Office Expenses
567-30.01	Curriculum Expenses
567-40.01	Youth Director Salaries
567-50.01	R.C.I.A
567-60.01	Sacramental Preparation Expenses
567-70.01	Retreat Fees
568	Other
568-05.01	Donations Made by Parish
568-90.01	Miscellaneous

580	Major Construction
580-05.01	Architect & Other Fees
580-10.01	General Construction
580-15.01	Equipment & Furnishings
580-90.01	Miscellaneous
581	Extraordinary Items
581-05.01	Major Repairs or Improvements (Over \$5,000)
581-10.01	Land Purchases
581-15.01	Land Improvements
581-20.01	Equipment Purchases (Over \$2,500)
581-25.01	Furniture and Fixture Purchases (Over \$2,500)
591-05.01	Loan Interest
599	Total Expenses

Transaction and Classification Examples

The following are common problem areas regarding the proper classification of transactions:

- ◆ Direct deposits made to bank or investment accounts other than the main checking account. Examples include: CD interest rolled over, interest earned on reserve accounts and parish activity income deposited directly to a reserve account. Record monthly as follows:

	Debit	Credit
+Account 1XX, Bank/Investment/CD&L Fund Account	XXX	
+Account 430 Investment Income		XXX

- ◆ Refunds and reimbursements of expenses other than from insurance claims should be credited to the proper expense account from which it originated (reduces expense account to actual parish cost).
- ◆ Operating expenses of the school that are paid for by the parish should be recorded in the subsidy account (e.g., accounting, secretarial, and maintenance salaries and benefits; insurance, utilities).
- ◆ The income and expenses related to a Capital Drive and subsequent project should be recorded in the parish accounts and reported on the Annual Report (e.g., accounts 440/540, Capital Fund Drives; account 580, Major Construction; account 280, Loan Payable; account 591, Loan Interest).
- ◆ Account 503, Salaries - Employees, should be used for all salary payments (e.g., bookkeeping, secretarial, maintenance, music, housekeeping) except for religious education salaries which are recorded in account 567, Religious Education.
- ◆ Shared salaries and benefits should be reasonably allocated to the parish, mission, school, and cemetery (e.g., between churches – use households registered or offertory income as basis for allocation).
- ◆ Holy Day collections, as well as all loose offertory monies, are to be classified to account 410, Offertory Income.
- ◆ The employer share of workers social security (FICA) should be classified in account 505, Benefits - Employees.

Payroll Accounting

Record (debit) gross salaries to account 500, Salaries - Clergy and account 503, Salaries - Employees. The payroll withholdings are recorded (credited) to the various liability accounts when the employees are paid. When the employee withholdings are paid, also record (debit) the employees withholdings to the liability accounts. The employer taxes (i.e., employer share of Social Security/Medicare) are recorded (debited) to account 505, Benefits - Employees, when they are paid. For example, the parish uses a payroll service that also pays all of the payroll tax and other withholdings. The parish secretary was paid \$500 and the payroll fee was \$10 for the payroll period. The details and entries related to this payroll are as follows:

Gross wage	\$500.00
Federal Income Tax	(50.00) (from computer or IRS table)
Social Security Tax	(38.25) (7.65%)
State Tax	(15.35) (3.07% 1/2004)
Local Tax	(5.00) (1%, Erie 1.65%)
State Unemployment Compensation Tax	(.30) (.0006 2018)
401(k) Retirement deduction	(15.00) (3% minimum)
Net pay	<u>\$376.10</u>

Account Number	Debit	Credit
503-15.01 Secretary (Salaries - Employees)	\$500.00	
230-15.01 Federal Income Tax	50.00	\$50.00
230-20.01 FICA (Social Security & Medicare) Tax	38.25	38.25
230-30.01 State Income Tax	15.35	15.35
230-35.01 Local Income Tax	5.00	5.00
230-40.01 State Unemployment Compensation Tax	.30	.30
230-45.01 Fidelity 401(k) Retirement Plan (Employees)	15.00	15.00
505.05.01 Employer FICA (Social Security & Medicare) Tax	38.25	
505-15.01 Employer Match - Fidelity 401(k) Retirement Plan	30.00	
520-35.01 Data Processing (Includes Payroll Fees)	10.00	
100-05.01 Cash (Checking Account)		578.25

By recording the withholding and the payments the accounting records will show a complete picture of the payroll transactions. These entries should be recorded for each payroll run.

Please take note of these other payroll policies:

- According to the IRS, "You must keep all of your records on employment taxes (income tax withholding, social security, and federal unemployment tax) for at least four years after the due date of the return or after the date the tax is paid, whichever is later". However, the Diocese recommends that all payroll records be kept for at least seven years.
- Your payroll provider should be issuing your parish a complete set of all payroll related data for your files. This would include copies of all payroll tax returns, W-2s, and all of the related detail for each payroll run.