

**Archdiocese of Washington
Parish Accounting Manual
XIV. Annual Report Procedure**

A. Preliminary Review

The following preliminary review activity can be done throughout the year. However, this review must be performed to prepare for the fiscal year-end close on June 30.

1. Parish operations should be recorded in Fund #1 (nnn.nnnPnn). For parishes with a school, the school operations (Income and Expense accounts only) should be recorded in Fund #2 (nnn.nnnSnn).
2. Do a preliminary reconciliation of income and education assessments and regional school support accounts using Schedule E in the Annual Report to ensure the proper amounts have been calculated and remitted to date
3. Review and reconcile payroll liability accounts:

221.000P00	Federal Taxes
222.000P00	FICA
223.000P00 – 225.000P00	Respective State Tax Accounts
226.000P00	Hospitalization **
227.000P00	FSA- Flexible spending Accounts
228.000P00	TSA – 403(b)
229.000P00	Other P/R Withholding **
230.000P00	Pet Insurance

**The only balance of these accounts should be the amount that has been withheld from the employee's pay, but not yet remitted to the respective vendor

4. Review National Collection Accounts; amounts in these accounts should be remitted to ADW 15 days after the collection
5. Review transactions in 770.000P80-774.000P80 for capitalization purposes (refer to Section IX of the Parish Accounting Manual)
6. Review/adjust/reconcile Endowment Fund, Restricted Fund, and Designated Fund accounts – each of these asset accounts must equal its corresponding liability account. (refer to Section VII of the Parish Accounting Manual)
7. Review/adjust/reconcile the Prepaid Tuition reported at the prior year end. Cash receipts for the current fiscal year should have been recognized tuition income prior to the current year-end close. The balance of account 241.000P00 as of year-end should only include amounts received for the subsequent school year. (refer to Section XI of the Parish Accounting Manual)

8. Review all net income from gift certificate sales as it should be recognized as income in account 441.000P02 (Fundraising) prior to the fiscal year close. (refer to Section VIII of the Parish Accounting Manual)
9. Review miscellaneous expense accounts (799.nnnXnn) as they should be used infrequently. Miscellaneous accounts with balances that equal 10% of the cost center should be reviewed for proper classification in other specified accounts.
10. Identify any outstanding, partially paid invoices. Contact the archdiocese for assistance in deleting invoice.
11. Review/void outstanding, stale checks. Checks outstanding for more than six months should be researched to determine why the payee has not yet cashed the check. In the event a payee lost their check, the parish should stop payment on the original check, void the check in ParishSoft and re-issue the check.
12. Ensure that financial records of parish organizations have been received in the rectory. Financial records include bank statements and reconciliations, detail of cash receipts and detailed invoices which support cash disbursements.

B. End-of-Year process in ParishSOFT

1. Data Entry
 - Enter all cash receipts and disbursements through June 30th.
 - Enter all journal entries through June 30th. These journal entries may include:
 - Capitalize transactions in 770.000P80 through 774.000P80 and 778.000P80
 - Record the transaction for Unpaid Income and Education Assessments
 - Record cash received for the subsequent school year as a Prepaid Tuition liability
 - Enter the budget for the following fiscal year (refer to Section XII of the Parish Accounting Manual and Fiscal Year Budget Considerations). NOTE: If enrollment in the parish school in September changes more than 10% from the estimated enrollment reported in August, the budget for the school should be updated and resubmitted.
2. Print Monthly Parish Reports: After entering all data through June 30th, print a set of preliminary monthly parish reports and review carefully. Reconcile the following accounts and confirm the balances in these accounts are the expected balances.
 - Accounts Payable Accounts - Confirm the A/P Aging Detail by Period Report total matches the balance reflected on the Statement of Financial Position for your respective A/P Account
 - Exchange and Conduit Accounts
 - Payroll Liability Accounts
 - Endowment Fund Accounts
 - Restricted Accounts
 - Designated Accounts

3. Upon completion of review and after all entries for the current fiscal year have been completed; print a set of monthly parish reports for your records.
 - Check Register(s)
 - Receipt Register(s)
 - Bank Reconciliation(s)
 - Journal Entries
 - Balance Sheet / Statement of Financial Position
 - Statement of Income & Expense / Statement of Activities
 - General Ledger
 - Dedicated Accounts
 - A/P Aging Detail by Period
4. Save a PDF version of the annual reports including:
 - Deposit Register
 - Check Register
 - Journal Entry list
 - General Ledger
5. Print the following end-of-year reports:
 - General Ledger for the entire year
 - Vendor Summary
 - Vendor List
6. Print Annual Report
 - From the *Reports* Tab, choose:
 - ***Annual Report*** under the Memorized Report Groups. Please note, these reports may be printed as often as needed.
 - Print each report listed as of June (Current Fiscal Year):
 - Annual Report – Financial Position
 - Summary Income and Expense
 - Detailed Income and Expense
 - National Collections/Dedicated Accounts
7. Perform the End-of-Year process
 - From the Process tab, choose:
 - End of Period Processing |End-of-Year

C. Parish Annual Report

The parish annual report is an important document that helps the Archbishop, the Pastor and the Parish Finance Council to under the financial position of the parish. Prepare the Annual Report using the template posted to ADW.org. Submit to ParishTools@adw.org by the 2nd Friday in August. The most common problems in annual reports are incompleteness and internal inconsistency. Check your report in the following areas:

Completeness

- ☐ All documents indicated on the Table of Contents are attached (or marked n/a)
- ☐ Schedule 1: all staff and Finance Council members have signed the report (or a date is noted by which all signatures will be collected and emailed to ADW).
- ☐ Schedule 3: all internal control questionnaire questions which require explanations have an explanation included
- ☐ Pastor signatures: the pastor has signed the report on Schedule 1 and Schedule G (Other parish organization bank accounts)
- ☐ Schedule H: a brief description identifying the restricted and/or endowment fund account number and restriction/purpose is included (including those accounts previously reported on a previous annual report)
- ☐ Statement of Financial Position – if the parish has recorded any adjustments to beginning Fund Balance (Account 300.000P00) since remitting their last annual report, a description of the adjustment is included

Internal consistency

Several accounts in the financial statements are reported in more detail using the excel schedules. Please ensure that the total of each detailed schedule equals the amount in the financial statements:

Statement of Financial Position

- ☐ Cash and Investment line items equal totals on Schedules A and B
- ☐ Restricted and Endowment amounts on Schedules A and B equal the Restricted and Endowment account totals in Account 190.000P00 / 290.000P00 and 191.000P00 / 291.000P00
- ☐ The totals of the Restricted, Endowment and Designated Asset accounts equal the total of the Restricted, Endowment and Designated Liability accounts.
- ☐ Notes and Loans Payable line items equal the amounts listed on Schedule C
- ☐ Accounts payable line item equals the total of the amounts listed on Schedule I
- ☐ Education Fund Payable line items (Account # 264.000P00 and Account # 265.000P00) must equal the amounts listed as the ‘Accumulated Balance Due’ on Schedule E

Approvals

May 2018	Director of Parish and School Financial Operations
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Revision history

May 2018	New document
May 2026	Update Document