

Standard Financial Reporting Guide for Parishes

Release 1: September 22, 2015

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Section 1

INTRODUCTION & OBJECTIVE

- This document was created as a guide for parishes and provides information on general accounting operations and standardized financial reporting.
- This has been authored as part of the Greek Orthodox Metropolis of San Francisco's overall Strategic Plan and developed by members of its Finances Task Force.
- A first draft was released on September 22, 2015. Periodic updates will be made, based on feedback and new information from the Metropolis and Archdiocese.
- We welcome all suggestions for improving this guide. An electronic version of this guide can be obtained via the Metropolis of San Francisco Strategic Plan website at <http://sfstrategicplan.net/finances/>

Assist Parishes in developing best practices for **standardized financial reporting** for their use and for reporting to the Metropolis

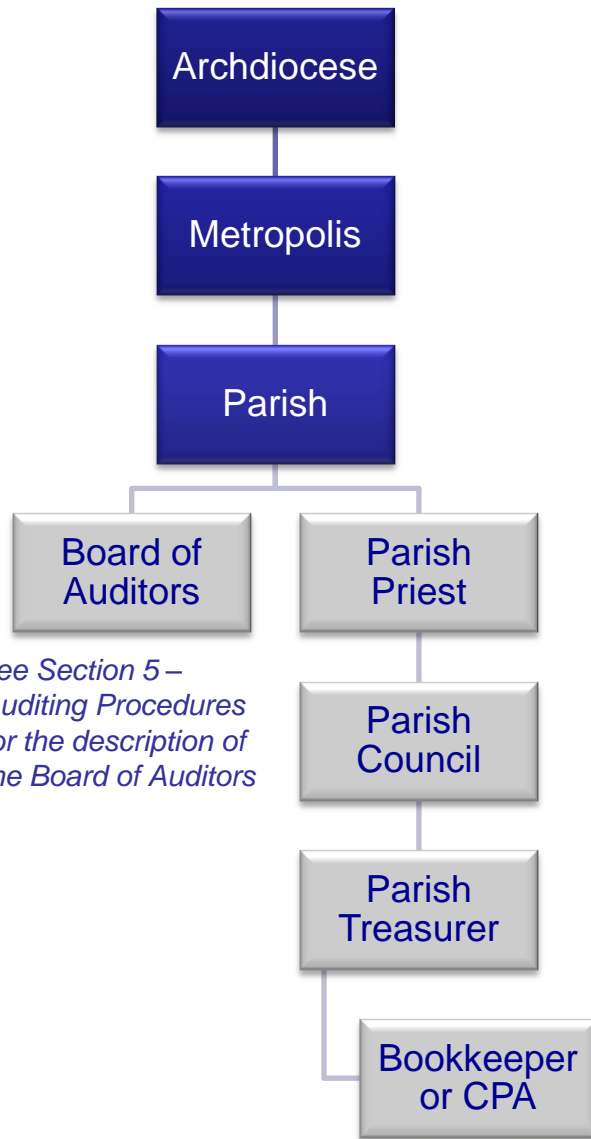


“Of what use is money in the hand of a fool, since he has no desire to get wisdom?”
Proverbs 17:16

Section 2

ROLES, RESPONSIBILITIES, AND GOVERNANCE

Finance Org and Governance



- The Archdiocese and the Metropolis each have Finance Committees that provide oversight and guidance to the financial operations of parishes.
- The Uniform Parish Regulations (UPRs) found in the updated 2014 Archdiocese Regulations describes the financial reporting and auditing obligations of our parishes. <http://www.goarch.org/archdiocese/documents/upr>
- The **Parish Priest**, by virtue of his canonical ordination and assignment, heads and administers the Parish.
- The **Parish Council** is responsible to the Parish Assembly and to the respective Hierarchy for conducting all Parish affairs in keeping with the mission, aims and purposes of the Church.
- The **Parish Treasurer** is elected by the Parish Council and shall not hold this office for more than six (6) consecutive years.
- The **Bookkeeper or CPA** should be an independent party that is overseen and directed by the Parish Treasurer and Parish Council. This can be a paid or volunteer position.

- Serves as chief financial officer of the parish
- Is responsible for payment of all bills, invoices, and obligations
- Performs or oversees all of the financial recordkeeping functions
- Prepares the financial reports for the Parish Council and provides appropriate financial information to the Parish Assembly
- Files any of the required federal, state, and local tax forms
- Monitors the cash position of the parish and invests available funds in accordance with church investment policies
- Is empowered to borrow funds as directed by the Parish Council and, when appropriate, the Parish Assembly
- Assists in the preparation of the annual parish budget
- Provides needed information to the Board of Auditors, so they can fulfill their responsibilities to the Parish and Metropolis
- Often serves as a member of the Parish Finance Committee

- Should be performed by a reputable and independent accounting firm that has experience with religious or not-for-profit organizations
- Cost of the engagement is an investment in the Parish
- Mitigates the risk of fraud and improper recording of monies or handling of accounts
- Reduces likelihood, or potentially identifies, any misappropriation of funds
- Protects the volunteers and those entrusted by parish from unwarranted accusations and suspicion

Section 3

GENERAL ACCOUNTING OPERATIONS

Guidelines

- Avoid using cash for all disbursements, insist on using checks and online payments for transactions
- Checks should always be signed by two (2) authorized individuals
- Record cash, check, and credit card donations in an accounting system or paper receipt book
- Provide monthly or quarterly statements to donors to confirm gifts and catch any discrepancies quickly
- Do not co-mingle unrestricted and restricted funds, preferably using separate bank accounts
- Do not use restricted funds for unintended purposes

Ideally, parishes should use accrual accounting for their financial reporting, but this degree of sophistication may not be practical for smaller parishes with fewer resources.

Accrual Accounting

Income is recorded when it is earned, and goods and services purchased are recorded based on the time the liabilities arise rather than when payment is made (the liabilities normally arise when the “Title to Goods” passes or when the services are received). The intent of the accrual basis of accounting is to relate revenues, expenses, gains, and losses to the proper period of time rather than only to when cash actually changes hands.

Cash Accounting

Income is recorded when actually received, and goods and services purchased are recorded based on when payment is made, without regard to when Title to Goods passes or when services are received.

Restricted Funds

- When the donor places a restriction on their donation, the assets are restricted and can only be used for the designated purpose.
- Restricted Funds can be temporarily restricted or permanently restricted.
 - ✧ **Temporary restrictions** expire with the passage of time or when a condition is met; examples include funds restricted for use until a certain year or restricted to be used for a certain project.
 - ✧ **Permanently restricted** funds are not available for program expenses, payments to creditors, or other organizational needs; an example is an endowment gift where the principal is not available for spending even though the income from the principal may be used in current operations.

Unrestricted Funds

- If no restriction is placed on the donation, it can be used for any of the organization's purposes.

Section 4

BUDGETING PROCESS

The Annual Budget

- Allows Parish Council to better control financial operations throughout the year
- Highlights major variances to plan, so that adjustments can be made to keep the parish financially sound
- Must be presented and approved by the Parish Assembly in November
- Required by Metropolis at the start of each year
- Shall include appropriations for sending delegates to the Clergy-Laity Congresses and Local Assemblies

Process

- Planning is the prerequisite for budgeting and the process should begin no later than October

Roles

- The **Parish Treasurer** is responsible for compiling the Annual Budget, but should enlist the help of the Finance Committee, CPA, and others
- **Parish Council** needs to carefully review the budget and approve final budget for presentation to the Parish Assembly
- The **Board of Auditors** also needs to review and certify the Budget, prior to submission to the Metropolis

Top Down Approach

- Most commonly used by churches
- Budget is prepared by church leaders
- Organization is small enough so that church leaders know the variables of the budget
- Start with income first, and then fit expenses into income limits

Bottoms Up Approach

- Used in larger, more complex parishes
- Others in the parish are asked to submit individual/ministry budgets for approval
- Usually used when money is not significantly constrained
- Expenses are determined first, and income

Sample Budget

Sample Summary Level Budget

	Actual	Actual	Nov YTD	Budget
<u>OPERATING INCOME</u>	2012	2013	2014	2015
<i>Stewardship</i>	160,000.00	156,699.00	143,032.00	180,000.00
<i>Candles & Trays</i>	52,000.00	51,919.00	38,561.00	56,000.00
<i>Donations</i>	11,000.00	10,523.47	6,426.55	12,000.00
<i>Rental Income</i>	42,000.00	42,787.50	36,625.00	48,400.00
Total Operating Income	265,000.00	261,928.97	224,644.55	296,400.00
<u>OPERATING EXPENSES</u>				
<i>Payroll</i>	161,520.00	165,033.12	107,657.27	165,965.00
<i>Benefits</i>	38,165.00	37,528.23	27,507.41	38,520.00
<i>Util/Maint/Suppl.</i>	80,200.00	83,011.00	61,769.24	82,900.00
<i>Equipment & Furniture</i>	50.00	2,187.88	387.10	1,000.00
<i>Organizations</i>	31,700.00	33,565.00	25,925.00	36,500.00
<i>Miscellaneous</i>	8,900.00	8,688.65	8,688.32	9,000.00
<i>Rental Costs</i>	8,700.00	12,250.14	5,346.01	13,000.00
<i>Other Disbursements</i>	4,500.00	6,792.14	131.17	0.00
Total Operating Expense	333,735.00	349,056.16	237,411.52	346,885.00

- Budget line items should be consistent with the Chart of Accounts (COA) which allows for monthly Actual vs. Budget reporting
- Initial budget estimates can be aided by reviewing current year-to-date (YTD) actuals, as well as past year actuals
- Budgeting requires firsthand knowledge of upcoming parish events, special needs, ministries, and clergy/lay staffing

Section 5

AUDIT PROCEDURES

Objectives of the Parish Audit Review

- Proper revenue recognition
- Reasonable and verifiable expenditures
- Security of cash and property
- Internal controls of data and records

Procedures

- Each year, the Parish Assembly has to elect a Board of Auditors, that will audit the parish financial statements and operations
- The Board of Auditors will create a report (at least annually) that is presented to Parish Assembly and that is sent to the Metropolis
- The Parish Board of Auditors needs to also certify the annual financial statements that are sent to the Metropolis and Archdiocese
- The Board of Auditors (and the Board of Elections) have to remain independent and are not under the jurisdiction of the Parish Council and/or Priest

UPR ARTICLE 33 BOARD OF AUDITORS

Section 1: The Board of Auditors shall consist of at least three parishioners none of whom are members of the Parish Council. The Board of Auditors shall be elected at the last Parish Assembly preceding an election from among those who have not served on the Parish Council for the year being audited and who are not candidates for election to the Parish Council. The Board of Auditors shall have the financial competency to properly execute its responsibilities.

Section 2: The Board of Auditors shall audit financial records of the prior year and prepare a report of such audit for presentation to the Parish Assembly. After review by the Parish Assembly, the Parish Council shall transmit copies of the final audit to the respective Hierarch and the Archdiocese.

Section 3: A vacancy on the Board of Auditors shall be filled by the Parish Council by electing a successor, therefore, from amongst the parishioners of the Parish in good standing for the unexpired portion of the term of such vacancy.

Note that no employee of the Parish may serve on the Parish Council, the Board of Auditors, or the Board of Elections. (Article 24 in the UPR)

Section 6

ORTHODOX SOFTWARE INITIATIVE

- In 2011, the Archdiocese selected ACS Technologies' Parish Data System (PDS) to provide a standard, Orthodox-tailored software for parish management (Church Office) and financial accounting (Ledger)
- PDS received the highest overall scores in a detailed evaluation of numerous systems by a volunteer committee of professionals across the Archdiocese
- ACS is the leading provider of information management solutions to nearly 50,000 faith-based organizations. More information can be found at <http://www.acstechnologies.com>
- The Orthodox version of Church Ledger system has been customized to the unique needs of our parishes, such as tracking name days, sacraments, memorials, etc.
- After an initial pilot phase, the software has now been licensed to over 120 Greek Orthodox parishes in the U.S., and implemented to various stages
- In the Metropolis, the following parishes have licensed the PDS Church Office software:



Annunciation, Sacramento

Sts. Constantine & Helen, Vallejo

St. Nicholas, San Jose

Assumption, Scottsdale

St. George, Downey

Prophet Elias, San Bernardino

St. Anthony, Pasadena

Holy Trinity, San Francisco

St. Spyridon, San Diego

St. Demetrios, Seattle

St. Katherine, Redondo Beach

Benefits of the PDS Software



PDS Church Office encompasses all aspects of parish life, including:

- Tracking stewardship of time, treasure, and talents
- Managing parishioner data, family relationships, and demographics
- Maintaining directories and calendars
- Recording sacraments, memorials, and other major events
- Facilitating communications via letter generation, texts, emails, and social media links to Facebook, Twitter, and blogs

Other benefits of implementing the software:

- Favorable pricing, after no-cost first year of license (1st year funded by Archdiocese)
- Aids parishes with their Budgeting and Auditing processes
- Training provided via regional sessions, webinars, and online tutorials
- Increases cooperation between parishes and the sharing of best practices
- Assistance with initial data conversion and ongoing support from PDS
- Secure, with future plans for a cloud-based version of the software

Sample Screen Shots and Reports



User-Friendly Navigation and Screens



Family Registration

Family ID #: 0003 Today's Date: / /

Family Name: Pavlos, John(Catherine), Mr & Mrs
 Head: Last: Pavlos First: John Title: Mr & Mrs Suffix:
 Spouse: Last: Catherine First: Catherine Title:

Street Address Line 1: 699 Oliveloaf Avenue Street City/State: Oyster Bay, NY
 Street Address Line 2: Street Zip: 11771

Geo. Area Number: Oyster Bay Registered: 02/12/1967 Family Status: Married

Phone: (777) 911-2227 Description: Home Ph. Unlisted? No

Phone: Description: Home/Office/Cell/Other Unlisted? Yes/No

Phone: Description: Home/Office/Cell/Other Unlisted? Yes/No

Email: Parish:

Mailing Address: Line 1: City/State:
 (if different) Line 2: Zip:

Member Registration: Pavlos, Catherine (family: Pavlos, John(Catherine), Mr & Mrs)

Member Name: Pavlos, Catherine
 Last Name: Pavlos First Name: Catherine Middle: Suffix:
 Nickname: Catherine Title:

Personal Information: Relationship: Wife Type: Spouse
 Grade/Degree: Gender: Female Marital Status: Married
 Language: Ethnicity: Greek Birthdate: 05/01/1947
 Religion: Greek Orthodox Special Need: Occupation: Homemaker
 Member: True Mem Status: Active Member Voting Mem: True
 Snd Statemnt: False
 Location:

Phone: (777) 922-5111 Type: Home Ph. Unt: No Email: Type: Prefer Email? Y/N

COA Explorer:

Chart of Account List

Asst.	Liab.	R.E	P.Y.F.B	Inc.	Exp.	Net	
							25000 - -Retained Earnings-
							25025 - Restricted Funds
							25050 - Opening Balance Equity
							25075 - Retained Earnings
							29000 - *Total Retained Earnings*
							29900 - **Total Liabilities & Retained Earnings*
							30000 - --Income--
							31000 - -Stewardship-
							31020 - Family Commitments
							31040 - Single Commitments
							31060 - Senior Citizen Family Commitments
							31080 - Senior Citizen Single Commitments
							31100 - Stewardship Commitment
							31125 - Stewardship Commitment - Prior ...
							31150 - Stewardship Commitment - Next ...
							31900 - *Stewardship Total*
							32000 - -Stewardship - Other -
							32025 - Candles
							32050 - Memorials
							32075 - Flowers
							32100 - Weddings
							32125 - Baptisms
							32150 - Funerals
							32175 - Trays

Comprehensive Parishioner Data & Reports

Archdiocese Chart-of-Accounts comes pre-loaded

DASHBOARD (Community level)

- Data Display

FAMILIES (Family Unit)

Data Entry:

- Primary Info
- Other Addresses
- Family Recap
- Letters, Visits, Etc.

Other Tasks:

- Individual Letter, Label
- Reasons for Changes
- Listing Screen
- Reports
- Quick Posting
- Processes

MEMBERS (Individual level)

Data Entry:

- Personal
- Phones/Emails/Addr
- Sacraments
- Ministries/Talents
- Attendance
- Family Recap
- Safe Environment
- Letters, Visits, etc.

Other Tasks:

- Individual Letter, Label
- Reassign Member
- Memorial
- Listing Screen
- Easy Lists
- Reports
- Quick Posting
- Processes

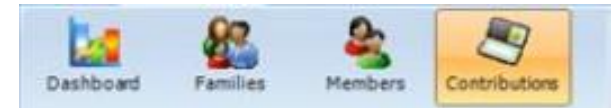
CONTRIBUTIONS

Data Entry:

- Rates/History/Keywords
- Recap/Totals
- Billing Address

Other Tasks:

- View/Print
- Fund Filter
- Listing Screen
- Reports
- Quick Posting]
- Processes



To get more information on the Orthodox Software Initiative, or to get started with the software, contact:

Effie Marie Smith

Sr. Manager, Orthodox Software Initiative

emsmith@goarch.org

(212) 774-0273

Additional information on the PDS software can be found at:

www.parishdata.com

Section 7

STANDARD ARCHDIOCESE CHART-OF-ACCOUNTS

COA Background

- Over a period of several years, financial professionals/volunteers throughout the Greek Orthodox Archdiocese of America, developed a standard chart-of-accounts (COA) to be used by all of parishes.
- The COA is incorporated in the Orthodox version of the Parish Data Systems (PDS) software.
- Standardization of the COA was developed to provide consistent financial reporting to Parishes, Metropolis, and Archdiocese.

COA Benefits to Parishes

- Parishes don't have to "re-invent the wheel" and can use a proven COA that works for Greek Orthodox parishes.
- Unified approach allows parishes to leverage common training and support, and even share financial resources (bookkeepers, CPAs)
- Meets requirement of using the Archdiocese COA, as formally requested of parishes in July 2013 by the Chancellor of the Metropolis of San Francisco.

COA: Asset & Liability Accounts



ASSETS			
10000	Bank	10025	Petty Cash
10000	Bank	10050	Operating Checking Account
10000	Bank	10075	Operating Savings Account
10000	Bank	10100	Building Fund Account
10000	Bank	10125	Building Fund CD
10000	Bank	10150	Festival Account
10000	Bank	10175	Festival CD
10000	Bank	10200	Raffle Account
10000	Bank	10225	Restricted Fund Account
10000	Bank	10250	Restricted Fund CD
10000	Bank	10275	Credit Card Account
10000	Bank	10300	Ministry Fund Raising Acct - Customize
10000	Bank	10325	Customize
10000	Bank	10350	Customize
11000	Other Current Assets	11025	Restricted Fund Brokerage
11000	Other Current Assets	11050	Building Fund Brokerage
11000	Other Current Assets	11075	Credit Card Receivable
11000	Other Current Assets	11100	Deposits
11000	Other Current Assets	11125	Prepaid Expenses
11000	Other Current Assets	11150	Customize
12000	Building, Land, Furniture& Fixtures	12025	Land
12000	Building, Land, Furniture& Fixtures	12050	Building & Building Improvements
12000	Building, Land, Furniture& Fixtures	12075	Iconography
12000	Building, Land, Furniture& Fixtures	12100	Furniture & Fixtures
12000	Building, Land, Furniture& Fixtures	12125	Capitalized Leases
12000	Building, Land, Furniture& Fixtures	12150	Customize
12000	Building, Land, Furniture& Fixtures	12175	Customize
12000	Building, Land, Furniture& Fixtures	12900	Accumulated Depreciation
13000	Other Assets	13025	Burial Plots
13000	Other Assets	13050	Intangible Assets, e.g., loan costs
13000	Other Assets	13075	Accumulated Amortization
13000	Other Assets	13100	Miscellaneous
13000	Other Assets	13125	Customize
13000	Other Assets	13150	Customize
TOTAL ASSETS			

LIABILITIES			
20000	Liabilities	20025	Accounts Payable
20000	Liabilities	20050	Federal Tax Liabilities
20000	Liabilities	20051	FICA (SS&MC)Tax Liabilities
20000	Liabilities	20052	FUTA Tax Liabilities
20000	Liabilities	20060	State Tax Liabilities
20000	Liabilities	20061	SDIF/UC Tax Liabilities
20000	Liabilities	20062	SUTA Tax Liabilities
20000	Liabilities	20070	Local Tax Liabilities
20000	Liabilities	20075	Tax Liabilities
20000	Liabilities	20100	Line of Credit
20000	Liabilities	20125	Mortgage
20000	Liabilities	20150	Deferred Revenue - Stewardship Next Year
20000	Liabilities	20175	Customize
TOTAL LIABILITIES			
25000	Retained Earnings	25025	Restricted Funds
25000	Retained Earnings	25050	Opening Balance Equity
25000	Retained Earnings	25075	Retained Earnings
TOTAL RETAINED EARNINGS			
TOTAL LIABILITIES AND RETAINED EARNINGS			

The Archdiocese standard COA only provides this level of accounts. Parishes can create sub-accounts as needed.

COA: Income & Expense Summary



ORDINARY INCOME/EXPENSE			
INCOME			
30000	Income	31000	Stewardship
30000	Income	32000	Stewardship - Other
30000	Income	33000	Restricted/Earmarked
30000	Income	34000	Fundraiser Income
30000	Income	35000	Ministries Revenue
30000	Income	36000	Outreach Revenue
TOTAL INCOME			
EXPENSE			
40000	Expenses	41000	Administrative
40000	Expenses	42000	Occupancy Expenses
40000	Expenses	43000	Salaries & Benefits
40000	Expenses	44000	Stewardship Expenses
40000	Expenses	45000	Archdiocese National Ministry Commitment
40000	Expenses	46000	Liturgical Expenses
40000	Expenses	47000	Fundraiser Expenses - Deductible
40000	Expenses	48000	Ministries Expenses - Nondeductible
40000	Expenses	49000	Outreach Expenses - Deductible
TOTAL EXPENSE			
NET ORDINARY INCOME			

OTHER INCOME/EXPENSE			
OTHER INCOME			
50000	Other Income	51000	Tuition Programs - Preschool
50000	Other Income	52000	Tuition Programs - Greek School
50000	Other Income	53000	Tuition Program - Day School
50000	Other Income	54000	Investment Income
60000	Other Income	61000	Hall Rentals
60000	Other Income	62000	Rental Property 1 <i>Customize Name?</i>
60000	Other Income	63000	Rental Property 2 <i>Customize Name?</i>
60000	Other Income	64000	Rental Property 3 <i>Customize Name?</i>
TOTAL OTHER INCOME			
OTHER EXPENSES			
70000	Other Expenses	71000	Tuition Program Expenses - Preschool
70000	Other Expenses	72000	Tuition Program Expenses - Greek School
70000	Other Expenses	73000	Tuition Program Expenses - Day School
80000	Other Expenses	81000	Hall Rental Expenses
80000	Other Expenses	82000	Rental Property 1 Expenses
80000	Other Expenses	83000	Rental Property 2 Expenses
80000	Other Expenses	84000	Rental Property 3 Expenses
90000	Other Expenses	90000	Building and Capital Improvements
90000	Other Expenses	91000	Depreciation
90000	Other Expenses	92000	Investment Expenses
TOTAL OTHER EXPENSES			
NET INCOME			

An additional level of sub-accounts are provided in the Archdiocese Standard COA which can be found in the Excel document at:

<http://sfstrategicplan.net/finances/>

Section 8

NATIONAL MINISTRIES COMMITMENT PROGRAM

What Every Parish Needs to Know About National Ministries

1. The online data form should be completed by the appointed date (*usually May 15*).
2. Instructions are included with the online form.
3. Parishes must submit Income & Expense Statements and Balance Sheets for the previous two years along with the form.
4. Three or four Metropolis volunteers review the submitted data. The more documentation or explanation that a Parish offers, the easier it is for our volunteers.
5. All data are forwarded to the Archdiocese by *July 1*.
6. In *July*, representatives from all metropolises gather to review one another's data for consistency. The Archdiocese then allocates the budgeted National Ministries Commitment to the metropolises in proportion to the aggregate net expenses of their parishes.
7. In *August*, the Metropolis assigns specific allocation amounts to each parish. Parishes can appeal that allocation by *February 1*, following a prescribed format.
8. Parishes are responsible for paying the assigned amount in equal monthly installments at the beginning of each month.

- The Metropolis Finance Committee is responsible for administering the parish allocation process.
- Each parish submits 2 years of gross expenditures and deductions, so that each parish's fair share allocation can be calculated. An example of proportional allocation is shown below:

PARISH APPROVED NET-EXPENSES (WITHIN METROPOLIS EXAMPLE)

PARISH A	\$400,000	31.25%
PARISH B	\$225,000	17.58%
PARISH C	\$80,000	6.25%
PARISH D	\$575,000	44.92%
TOTAL PARISH EXPENSES	\$1,280,000	100%

- In order for the allocations to be fair, it is important that parishes not determine for themselves which expenses to report. All activities under the parish's tax ID must be reported on a gross basis, and deductions must be in accordance with the guidelines provided by the Archdiocese Finance Committee.
- Use of the standardized Archdiocese chart-of-accounts will simplify reporting and improve consistency across our parishes.

THANK YOU

Additional information and updates can be found at
<http://sfstrategicplan.net/finances/>