

LOVE
ONE ANOTHER
THE CATHOLIC CAMPAIGN



Love One Another Accounting Manual

ARCHDIOCESE *of* MILWAUKEE

ACCURATE ACCOUNTING AND REPORTING OF THE FUNDS RECEIVED AND DISBURSED BY THE PARISH AS A RESULT OF THE LOVE ONE ANOTHER CAMPAIGN ("CAMPAIGN") IS ESSENTIAL. IN ORDER TO COMPLY WITH ARCHDIOCESAN REPORTING REQUIREMENTS, EACH PARISH MUST FOLLOW THESE PROCEDURES:

1. CREATE NEW ACCOUNTING CLASSIFICATIONS FOR RECORDING TRANSACTIONS

New accounting classifications are required for recording the receipt of contributions from the Campaign funds. Six new accounts and one new department have been added to the Archdiocesan Chart of Accounts. Parishes should also reference the recommendations in #4 below on how to establish the Campaign funds in the parish accounting software.

98-XXXX Love One Another Restricted Funds

This program includes all activity related to contributions, earnings and expenditures of the Campaign.

BALANCE SHEET

98-1010 Love One Another Checking

Cash received from the Love One Another Trust account from the periodic distribution of funds allocated or specifically restricted to the parish. The expectation is that most Love One Another funds are short-term in nature and the funds will be received and disbursed within 0-5 years.

98-1835 Love One Another Investments

Includes Love One Another investments which have a maturity beyond the current year. The investments need to be liquid for non-endowed (give example of capital improvement fund, scholarship, endowment, etc)

98-2850 Love One Another Restricted Net Asset Balance

Funds which have been received by the parish from the Campaign, are restricted for use as defined by the parish Case Statement. Further breakdowns are strongly encouraged using subaccounts to accommodate specific elements in the Case Statement.

INCOME STATEMENT (STATEMENT OF RECEIPTS AND DISBURSEMENTS)

98-3065 Love One Another Restricted Contributions

Contributions received for the Campaign from the periodic distribution from the Love One Another Trust account of funds allocated or specifically restricted to the parish.

Amounts received directly by the parish are recorded as a liability and remitted to the Love One Another Trust account. See Item 2, below.

98-3475 Love One Another Investment Income

Interest and dividends received from Love One Another checking and/or investment accounts.

98-4XXX Love One Another Expenses

All expenditures from Love One Another funds are recorded to the expense classification that best describes the type of expenditure and grouped in Department 98 so that the change in net asset balances can be reconciled.

2. PROCESS DONOR CONTRIBUTIONS RECEIVED DIRECTLY BY THE PARISH

Funds received by the parish must be forwarded to the Love One Another Trust account. Although the instructions to donors direct them to make checks payable to the Love One Another account and send contributions directly to the bank handling the account, it is possible that some parishioners will send cash or checks payable to the parish. To make things easier and more efficient from both a legal and financial perspective, including the management of pledge fulfillment and tracking the parish progress toward its goal, it is necessary for all payments to flow through the Trust.

The parish will need to ensure the volunteer money counters are prepared to identify and sort any contributions toward Love One Another received at the parish according to the scenarios below. It is recommended a separate count sheet be made available. All contributions intended for the Campaign will be tracked by the Archdiocese and therefore should not be included as part of the parishioner contribution statement sent by the parish.

CASH RECEIVED AT THE PARISH AND CHECKS RECEIVED AT THE PARISH, MADE PAYABLE TO THE PARISH

- Cash received at the parish and checks made payable to the parish should be deposited by the parish in the parish general checking account and classified as a payable to Love One Another (98-2020).
- A detailed summary should be prepared to accompany the check, which contains the name, amount, and applicable restriction for each donation. The detailed summary should equal the amount of the check.
- One check, made payable to Love One Another, should be written for the total amount of the deposit.
- The check, made payable to Love One Another, and all other supplemental information (including pledge cards, envelopes and the detailed summary) must be sent to:

*Love One Another Appeal Campaign
P.O. Box 78496
Milwaukee, WI 53278-8496*

- When the funds are remitted to the Love One Another Trust, the liability account (98-2020) should be zeroed out.

CHECKS RECEIVED AT THE PARISH, MADE PAYABLE TO LOVE ONE ANOTHER

- Any checks received by the parish but made payable to Love One Another must be forwarded to the Trust. Include all supplemental information (such as pledge cards or envelopes) in one of the pre-addressed Tyvek envelopes provided to the parish.

3. RECORDING RECEIPT OF CONTRIBUTIONS DISTRIBUTED FROM LOVE ONE ANOTHER TRUST TO THE PARISH

Distribution of funds to parishes will be made quarterly according to the schedule established by the Love One Another Trustees and administered by the Archdiocesan Finance Office. Parishes are required to establish and maintain a restricted bank account for Campaign funds. Funds will be electronically transferred to this bank account..

The pastor and two trustees are the only authorized signers on this account.

The parish will receive a report that identifies the parishioners and amounts included in each distribution. The parish must retain these reports and must use this information to determine:

Donor restrictions – The specific intent of each donor gift must be preserved. When donors place restrictions on contributions to specific elements of the parish case, the amount of the contribution must be recorded as directed when it is received by the parish.

Distribution of non-restricted contributions – (For the purpose of the Campaign, “non-restricted” indicates gifts that are not restricted to a specific case element). The parish determines the method and percentages that it will use to allocate non-restricted contributions to elements of its Case Statement when more than one element exists.

4. RECONCILING NET ASSET BALANCES: GENERAL LEDGER AND CONFIDENTIAL FINANCIAL STATEMENT RECOMMENDATIONS

Net asset balances must be reconciled quarterly and at year end to prove that the beginning balance plus or minus activity (revenue/contributions and expense/disbursements) equals the ending balance. Parish accounting software will determine the number and types of entries that are needed to maintain the net asset balance. Activity related to the Campaign must not appear in either the parish General Fund or parish Designated Fund balances on the Balance Sheet or as part of operations on the Confidential Financial Statement.

The parish should consider establishing Love One Another as a separate company or class code in its accounting software to eliminate the need for adjusting entries to net asset balances within the general ledger. Note that the parish must still provide reporting on Love One Another activity to parishioners and to the Archdiocese; however, Love One Another must be reported separately and not commingled with parish general operating activity.

The Archdiocese will add a separate column to the CFS to collect Love One Another information going forward.

**SAMPLE PARISH ACCOUNTING TRANSACTIONS
FOR LOVE ONE ANOTHER CAMPAIGN**

1. Contribution is received by parish directly from donor and is endorsed to the parish
 dr XX-1010 Cash
 cr 98-2020 Accounts Payable to Love One Another
 To record the deposit of the contribution in the parish general checking account

 dr 98-2020 Accounts Payable to Love One Another
 cr XX-1010 Cash
 To record the remittance of the contribution to the Love One Another Trust
2. Contributions are received by the parish from the Love One Another Trust
 dr 98-1010 Love One Another Checking
 cr 98-3065 Love One Another Restricted Contributions
3. Parish Campaign funds transferred to investments
 dr 98-1835 Love One Another Investments
 cr 98-1010 Love One Another Checking
4. Interest, dividends or capital gains earned on investments
 dr 98-1835 Love One Another Investments (as appropriate)
 cr 98-3475 Love One Another Investment Income
5. Disbursements from Love One Another funds
 dr 98-4XXX Various expense accounts
 cr 98-1010 Love One Another Checking
6. Adjusting entry needed if parish accounting software does not accommodate closing to multiple equity accounts
 dr XX-2910 General Fund Balance
 cr 98-2850 Love One Another Restricted Net Asset Balance
 To adjust for net income amounts from Love One Another activity closed to the General Fund Balance account when income exceeds expenses for the period.

 dr 98-2850 Love One Another Restricted Net Asset Balance
 cr XX-2910 General Fund Balance
 To adjust for net income amounts from Love One Another activity closed to the General Fund Balance account when expenses exceed income for the period.