



## Catholic Diocese of Columbus

- Policy     Guideline  
 Diocesan     Parish     School     All

### **203.2 – Chart of Accounts – High Schools and Interparochial/Consolidated Elementary School**

School accounting is performed on a modified cash basis of accounting. Certain income and expense items will be recognized in the Statement of Activity in the period they are applicable to, even if the receipt occurred in a prior fiscal period or the disbursement occurred in a prior period. Major items subject to accrual accounting include: major improvements to buildings; tuition (prepaid and receivable); endowments; Parish subsidy; loans from the Parish Aid Fund. Other income items are to be recognized when received. Other expense items are to be recognized when the disbursement is made. This section outlines the standard chart of accounts for High Schools. To facilitate control over income and expenses, the Schools should establish sub-accounts where segregation is of value.

- Assets – 1000's
- Liabilities – 2000's
- Equity (Net Assets) – 3000's
- Operating Income – 4000's
- Operating Expense – 5000's
- Non-Operating Income – 9000's
- Non-Operating Expense – 9500's and 9600's
- Temporarily Restricted – Income/Expense – 7000's
- Permanently Restricted – Income/Expense – 8000's

The following is the list of standard accounts and entries to be used.

#### **OPERATING INCOME**

##### Student Receipts

Income from Student Receipts for Tuition and Registration Fees should be recognized when it is earned. The following income account will be used:

##### **4150 – Student Tuition Receipts**

Policy 203.5 identifies the accounting procedures to be used for recording all transactions related to Tuition.

##### Parish Subsidy

Funds provided by Parishes in support of their parishioners attending a Catholic High School represent income to the High School. Income from Parish Subsidy is recognized when it is earned. The following income account will be used:

##### **4300 – Parish Subsidy**

Policy 203.5 identifies the accounting procedures to be used for recording all transactions related to Parish Subsidy.



## Catholic Diocese of Columbus

- Policy     Guideline  
 Diocesan     Parish     School     All

### **203.2 – Chart of Accounts – High Schools and Interparochial/Consolidated Elementary School**

#### Gifts, Donations & Grants

Includes grants made to the school by the Diocese (i.e. Secondary School Capital Grant) and by non-Diocesan sources. Does not include Administrative Cost Reimbursement (see Other School Income). Includes amounts distributed to the High School by Foundations not required to be reported on the Statement of Financial Position. Unrestricted gifts and donations should be recorded as Non-Operating Income (9030 set of accounts) until transferred to the school (account 4450 – Transfers from Activities - Net) A sub-account should be created for each source of income. The following accounts are used:

#### **4350 – Gifts, Donations & Grants**

Gifts and donations which are temporarily or permanently restricted (i.e. Capital Campaign, Endowment Campaign) should be reported under either Temporary Restricted or Permanently Restricted income (see below). They should not be included in operating receipts for the current year except for the amount transferred.

Funds received from the Diocese in support of the High School will be recorded under Gifts, Donations and Grants. This includes Secondary School Capital Grant funds. Tuition Assistance is not a grant to the High School, but instead is a grant to the student so should be recorded as Student Tuition (see *Student Receipts* section).

When a Secondary School Capital Grant is received, the following entry should be made:

DR 1500 – Operating Cash  
CR 4350 – Gifts, Donations & Grants

When the funds from the grant are used, the following entry should be made:

DR 1900 – Leasehold Improvements  
CR 1500 – Operating Cash

Occasionally the Diocese will make disbursements on behalf of the school. These disbursements are also considered Diocesan Support. The Diocesan Finance Office will provide the school the proper accounting entries for recording this support.

#### Other School Income

Includes income not recorded elsewhere that is directly used for the education of students or operation of the school building. Examples include: interest on bank accounts, rental income, FACTS interest, interest on prepaid tuition account, and Administrative cost reimbursement from the State. A sub-account should be created for each source of income. The following account is used:

#### **4400 – Other School Income**



## Catholic Diocese of Columbus

- Policy     Guideline  
 Diocesan     Parish     School     All

### **203.2 – Chart of Accounts – High Schools and Interparochial/Consolidated Elementary School**

#### Transfers from Activities

Represents the amount of funds transferred from Non Operating activities to the operating accounts of the High School, or from the operating accounts of the High School to Non Operating. For example, Bingo money raised that is transferred to the school would be reflected here. Also, if funds from Tuition are used to support Athletics, the amount transferred would be reflected here. The following account is used:

#### **4450 – Transfers from Activities - Net**

When a transfer is made, two entries will occur.  
DR 9XXX – Net Income Transferred to Operating  
CR 16XX – Activity Cash Account

DR 1500 – Operating Cash  
CR 4450 – Transfers from Activities - Net

This entry reflects funds provided from Non-Operating to Operating (such as fundraising funds). If the transfer is from Operating to Non-Operating, then the debits and credits would be reversed.

#### Net Assets Released From Restrictions

When funds are released to the school for operating purposes that have been recorded as temporarily restricted (i.e. use of Capital Campaign funds) or permanently restricted (i.e. a distribution from an Endowment), the following accounts will be used:

#### **4500 – Temporarily Restricted Assets Released**

#### **4600 – Permanently Restricted Assets Released**

Policy 203.5 provides the recommended accounting procedures to use for recording transactions related to Permanently Restricted Assets. For the release of funds that are Temporarily Restricted, the following entries would be made:

DR 1500 – Operating Cash  
CR 4500 – Temporarily Restricted Assets Released

DR 7100 – Net Assets Released from Restrictions – Temporarily Restricted  
CR 1XXX – Asset Account for Temporarily Restricted Funds

### **NON-OPERATING INCOME**

#### Non Operating Income



## Catholic Diocese of Columbus

- Policy     Guideline  
 Diocesan     Parish     School     All

### **203.2 – Chart of Accounts – High Schools and Interparochial/Consolidated Elementary School**

Income received from activities which support the school but are not directly tied to the education of students, are to be recorded as Non-Operating Income. The following accounts are to be used:

**9000 – Bingo**

- 9001 – Bingo – Regular Income
- 9002 – Bingo – Instant Income
- 9003 – Bingo – Other Income
- 9004 – Bingo – Concession

**9010 – Cafeteria**

- 9011 – Cafeteria – Meals
- 9012 – Cafeteria – Snacks

**9020 – Athletics**

- 9021 – Gate Receipts (separate sub-account by sport)
- 9022 – Fundraisers (separate sub-account by sport)
- 9023 – Athletics – Overall Fundraising Events
- 9024 – Athletics – Donations

**9030 – School Fundraising/Development** (raising of unrestricted donations other than through Athletics)

- 9031 – Fundraising Events (annual fund, auction, etc.)
- 9032 – Gifts – Unrestricted
- 9033 – Other Income
- 9034 – Interest Income – Unrestricted

**9040 – Student Activities** (includes Student activities and Association activities. Separate sub-account by activity)

**9060 – Miscellaneous Receipts – Nonoperating** (separate sub-account by major grouping)

**9070 – Latchkey Receipts** (applicable only to interparochial/consolidated elementary schools)

**9080 – Pre-School Receipts** (applicable only to interparochial/consolidated elementary schools)

### **OPERATING EXPENSE**

Salaries

Salary expense includes the gross pay for each employee of the High School. The following accounts are to be used:

**5150 – Administrative Salaries** (used only for Principal, Assistant Principal)

**5200 – Office Salaries** (used only for employees whose principal responsibility is clerical or secretarial or financial)

**5250 – Clergy & Religious Salaries** (used for any clergy or religious employed by the school)

**5300 – Lay Teacher Salaries.** Includes salaries for teachers under contract (subs are in 5450).

**5350 – Library & AV Salaries**

**5400 – Guidance Salaries**



## Catholic Diocese of Columbus

- Policy     Guideline  
 Diocesan     Parish     School     All

### **203.2 – Chart of Accounts – High Schools and Interparochial/Consolidated Elementary School**

**5450 – Other School Salaries.** Used for salaries of employees whose responsibilities do not fall within one of the other salary accounts and who participate in Operating activities. This would include: Public Relations, marketing, technology, Athletic Director, Campus Minister and admissions personnel. If additional salary is added to a teacher's salary for one of these positions, the portion directly related to teaching is charged to 5300 – Lay Teacher Salaries, and the additional portion is charged to account 5450 – Other School Salaries. Includes salaries paid to substitute teachers. Stipends paid to school employees for coaching are charged to non-operating expense, account **9564 – Athletics – Payroll & Benefits.** Stipends paid to school employees for leading a Student Activity are charged to non-operating expense, account **9581 – Student Activities Expenses.** Salaries paid for cafeteria workers are charged to non-operating expense, account **9553 – Cafeteria – Payroll & Benefits.** Salaries paid to staff involved in fundraising or development are charged to non-operating expense, account **9575 – Fundraising/Development – Payroll & Benefits.**

#### **5500 – Maintenance Salaries**

Payments under a VESI arrangement would be recorded in account 5450 – Other School Salaries. At the time of each payroll, the gross salary paid to each employee is recorded using the entry detailed under Payroll Liabilities.

#### Benefits

Benefits expense includes the employer portion of all benefits paid on behalf of employees of the school. The following accounts are to be used:

#### **5550 – Benefit – Clergy & Religious**

#### **5600 – Benefits – Lay**

#### **5650 – Faculty Residence Costs**

Separate sub-accounts should be used for each major benefit category (i.e. FICA, Employee Benefits, Pension, etc.). Benefits also include cost of Continuing Education when paid on an individual basis. Continuing Education and Professional Development costs, when done on a group basis, is recorded in account 6500 – Other School Expenses.

At the time of each payroll, the employer portion of benefits which are directly attributable to compensation paid (i.e. employer portion of social security, insurance, etc.) is recorded using the entry detailed under Accounts Payable - Payroll Liabilities. Employee benefits not attributable to compensation paid (i.e. continuing education, etc.) are recorded at the time they are paid using the following entry:

DR 5XXX – Benefits

CR 1500 - Operating Cash

#### Other School Expenses

Expenses directly related to the education of students and the operation of the school building are recorded as Other School Expenses. These expenditures are recognized as paid. The following accounts (categories of expense) must be used:



## Catholic Diocese of Columbus

- Policy     Guideline  
 Diocesan     Parish     School     All

### **203.2 – Chart of Accounts – High Schools and Interparochial/Consolidated Elementary School**

**6100 – Central Administration Fees** (includes payments made to the Office of Catholic Schools for services provided to the school, such as Student Assessment; Principal In-service; and consumable materials fee)

**6150 – Office Expense** (incl. bank fees) - Includes office supplies for the school, dues and subscriptions, school printing, postage, equipment rentals and general fees. Includes cost of duplicating, copying, and faxing. Also includes employee reimbursement for authorized mileage or travel to a convention, seminar or meeting.

**6200 – Religious Instruction Expense - Net** - Includes any expenditure for instructional materials, supplies, books, manuals or other instruction expense directly attributable to religious instruction. This includes student retreats of a religious nature.

**6250 – Library & AV Expense** - Includes library expenses such as books, periodicals, library supplies, audio visual material, film strips, records, etc.

**6330 – Guidance Expense** – Includes the cost of providing guidance related services, excluding salary and benefits.

**6350 – Secular Department Costs - Net** (separate sub-account to be used for each department) - Includes any expenditure for instructional materials, supplies, books, manuals or other instruction expense directly attributable to a secular department. If costs are incurred which are shared across departments, a sub-account should be established for Shared Costs.

**6400 – Student Transportation Costs - Net**

**6450 – Bad Debt Expense** (recorded at year end for uncollectible tuition)

**6500 – Other School Expense** - includes Public Relations, Marketing, and Technology expenses. Technology includes PC's, monitors, software, internet fees, etc. Costs associated with Security equipment and services are to be recorded in 6830 – Maintenance Supply & Repair Expense. Also includes professional development expenses, such as OCSAA improvement plans, workshops, speakers, OCEA costs. Includes TACT. Sub-accounts should be used as necessary to allow for better definition of expenses and creation of budgets.

#### Building Related Operating Expenses

Includes those expenses related to operating the school, but which are not directly attributable to the education of students or operation of the school building. The accounts to be used are:

**6810 – Depreciation**

**6820 – Utility Expense** (electric, gas, water, trash, etc.)

**6830 – Maintenance Supply & Repair Expense** (includes janitorial and maintenance supplies cost of repairs to school buildings, furnishing and equipment. Includes cost of janitorial services, landscaping, snow removal and security equipment and services. Also includes capital repairs, improvements or replacements to above, provided the total cost of each job or contract does not exceed \$5,000.

**6840 – Insurance Expense** (i.e. General Liability and Property insurance; Student Accident Insurance)

**6850 – Interest Paid**

**6860 – Other Building Related Operating Expenses**

Entries to be used for recording depreciation are detailed under *Fixed Assets*. Entries for recording interest expense are detailed under *Loans*. Expenses to be included under Other Building Related Operating Expenses





## Catholic Diocese of Columbus

- Policy     Guideline  
 Diocesan     Parish     School     All

### **203.2 – Chart of Accounts – High Schools and Interparochial/Consolidated Elementary School**

would include property taxes and are to be recognized when paid. Each major grouping of expense should be recorded in its own sub-account.

#### **NON OPERATING EXPENSES**

##### Non Operating Expenses

Expenses incurred in support of the school, but which are not directly related to the education of students or operation of the school building are to be recorded as non-operating expense. These expenses are recognized when paid. The following accounts are to be used:

##### **9500 – Bingo**

- 9501 – Bingo – Regular Payouts**
- 9502 – Bingo – Instant Bingo Expense**
- 9503 – Bingo – Bingo Supplies**
- 9504 – Bingo – Concession Expenses**
- 9505 – Bingo – Security**
- 9506 – Bingo – Transfers to Operating**

##### **9550 – Cafeteria**

- 9551 – Cafeteria – Food Purchases**
- 9552 – Cafeteria – Snack Purchases**
- 9553 – Cafeteria – Payroll & Benefits**
- 9554 – Cafeteria – Transfers - Other**

##### **9560 – Athletics**

- 9561 – Sport Expenses** (separate sub-account by sport)
- 9562 – Fundraiser Expenses** (separate sub-account by sport)
- 9563 – Athletics – Overall Fundraising Event Expenses**
- 9564 – Athletics – Payroll & Benefits**
- 9565 – Athletics – Transfers - Other**

##### **9570 – School Fundraising/Development** (raising of unrestricted donations other than through Athletics)

- 9571 – Fundraising Events – Expenses**
- 9572 – Gifts – Unrestricted Expenses**
- 9573 – Other Development Expenses**
- 9575 – Fundraising/Development – Payroll & Benefits**
- 9576 – Transfer – Development – Gifts & Donations**

##### **9580 – Student Activities Expense (includes Student activities and Association activities)**

- 9581 – Student Activities Expenses** (separate sub-account by activity)
- 9582 – Student Activities Transfer - Stipends**

##### **9620 – Miscellaneous Expenses – Nonoperating** (separate sub-account by major grouping)

- 9670 – Latchkey Expenses** (applicable only to interparochial/consolidated elementary schools)
- 9680 – Pre-school Expenses** (applicable only to interparochial/consolidated elementary schools)



## Catholic Diocese of Columbus

- Policy     Guideline  
 Diocesan     Parish     School     All

### **203.2 – Chart of Accounts – High Schools and Interparochial/Consolidated Elementary School**

**Note:** If a portion of the school facilities is rented to outside parties, the income is to be reported in 9060 – Miscellaneous Receipts – Nonoperating. The expenses incurred, directly related to the rental (i.e. rental of tables, table settings, maintenance staff who cover the event, etc.) are to be charged to 9620 – Miscellaneous Expenses – Nonoperating. The regular, on-going cost of maintaining the facility is to be charged to 6830 – Maintenance Supply & Repair Expense or 6860 – Other Building Related Operating Expenses

#### *Auxiliary Services Funds*

Receipt of Auxiliary Services funds and the associated expenditures are not reported in the accounts of the High School. On at least an annual basis, a report should be prepared identifying the funds received and funds disbursed, and this information shared with the Principal and High School Finance Council.

### **ASSETS**

#### Checking & Savings

Each individual checking or savings account established in the school name or using the school tax identification number should be shown on the Statement of Financial Position as a separate account/sub-account number. The types of accounts that would typically be included are:

- 1500 - Operating Cash** (operating checking account)
- 1501 – Operating Savings** (includes PAF funds except for Prepaid Tuition)
- 1550 – Bingo Cash**
- 1600 – Activities – Checking**
- 1601 – Athletics Checking**
- 1602 – Student Activities Checking**
- 1603 – Development Department Checking**
- 1604 – Cafeteria Checking**
- 1650 – Activities – Savings** (includes PAF funds)
- 1651 – Athletics Savings**
- 1652 – Student Activities Savings**
- 1653 – Development Department Savings**
- 1654 – Cafeteria Savings**

Increases and decreases in these accounts are recorded as outlined throughout this policy.

#### Prepaid Tuition, Fees and Subsidy

All tuition and fees paid during the current year but applicable to the following year will be deposited into a separate PAF savings account until the new year starts. The accounts to be used are:





## Catholic Diocese of Columbus

Policy     Guideline  
 Diocesan     Parish     School     All

### **203.2 – Chart of Accounts – High Schools and Interparochial/Consolidated Elementary School**

#### **1680 – Prepaid Tuition and Fees**

The entries to use in recording amounts to this account are detailed in Policy 203.5.

##### Accounts Receivable

Receivables include amounts due for Tuition, Parish Subsidy, Tuition Assistance and Scholarships. It is important that receivables are reviewed on at least a yearly basis and an entry recorded for amounts that are deemed to be uncollectible.

The accounts used for Tuition Receivable are:

##### **1700 – Tuition Receivable**

##### **1710 – Allowance for Doubtful Accounts – Tuition.**

Entries recorded to these two accounts are detailed in Policy 203.5.

The accounts to be used for Parish Subsidy Receivable are:

##### **1720 – Parish Subsidy Receivable**

##### **1730 – Allowance for Doubtful Accounts – Parish Subsidy**

Entries recorded to these two accounts for are detailed in Policy 203.5.

The accounts to be used for funds to be received from outside groups related to tuition discounts are:

##### **1735 – Scholarships Receivable**

##### **1736 – Tuition Assistance Receivable**

##### **1737 – Other Tuition Credits Receivable**

Entries recorded to these accounts for are detailed in Policy 203.5.

##### Other Assets

Other Assets includes amounts held at the Catholic Foundation and amounts held in separate Foundations or endowments that are required to be reported in the Statement of Financial Position.

For Endowments and Foundations, the Statement of Financial Position is to contain an account for each endowment or foundation that is irrevocably established solely for the benefit of the school (per FASB 136). The exception would be donor designated endowments where the donor can modify the beneficiary of the endowment at their discretion. This includes endowments held at the Catholic Foundation as well as endowments held elsewhere.

##### Beneficial Interest

Beneficial Interest includes amounts held at the Catholic Foundation or held by a Foundation which meets our reporting requirements outlined above. These amounts must be included in the Statement of Financial Position



## Catholic Diocese of Columbus

- Policy     Guideline  
 Diocesan     Parish     School     All

### **203.2 – Chart of Accounts – High Schools and Interparochial/Consolidated Elementary School**

at market value. The amount reported is the market value of each fund. The classification into unrestricted, temporarily restricted and permanently restricted is based on the definition contained in FSAB 117 in conjunction with the donor's intent. The accounts to be used are:

#### **1800 – Permanently Restricted Beneficial Interest**

A sub-account should be created for each endowment or foundation being reported.

The accounting for endowments and Foundations is detailed in Policy 203.5.

#### **Foundations**

The net assets of any Foundation meeting our reporting guidelines above must be reported on the Statement of Financial Position. Entries to record activities of the Foundation are detailed in Policy 203.5.

#### Fixed Assets

Land and property will remain on the books of the Diocese of Columbus, but any significant improvements made to buildings will be recorded as Leasehold Improvements. Based on the useful life of the asset, depreciation expense will be recorded on a monthly basis. The following accounts will be used:

#### **1900 – Leasehold Improvements**

#### **1910 – Accumulated Depreciation – Leasehold**

Entries to record the value of Leasehold Improvements are as follows:

DR 1900 - Leasehold Improvements

CR 1500 – Operating Cash

The monthly entry to record depreciation on the Leasehold Improvements or Equipment is

DR 6810 – Depreciation

CR 1910 – Accumulated Depreciation – Leasehold

Depreciation should begin in the year the improvement project is completed. Policy 210 provides recommendations on useful life. If questions arise in establishing useful life, the Diocesan Finance Office should be contacted.

### **LIABILITIES**

#### **Current Liabilities**

#### Payroll Liabilities

As payroll is paid, certain amounts are withheld from each employee's gross pay. These amounts are then remitted, in a timely manner, to the appropriate recipient. The following accounts will be used:

#### **2100 – Payroll Tax Withheld**

#### **2150 – Pension Contributions Withheld**



## Catholic Diocese of Columbus

Policy     Guideline  
 Diocesan     Parish     School     All

### **203.2 – Chart of Accounts – High Schools and Interparochial/Consolidated Elementary School**

#### **2155 – Insurance Premiums Withheld**

**2160 – Other Payroll Withholdings** (includes child support, garnishments, COACE dues, etc.)

**2170 – Other Taxes Withheld** (includes taxes withheld on Bingo winnings, raffles, casino winnings, etc.)

Sub-accounts should be established for each withholding within each major account. For example, a sub-account would be established for federal taxes withheld, state income tax withheld and each local tax withheld under account 2010 – Payroll Tax Withheld. When recording payroll, the following entries would be made:

DR 5XXX – Salaries (for the Gross Amount of Salary)  
CR 2100 – Payroll Tax Withheld (employee portion only)  
CR 2150 – Pension Contributions Withheld (employee portion only)  
CR 2155 – Insurance Premiums Withheld (employee portion only)  
CR 2160 – Other Payroll Withholdings  
CR 1500 – Operating Cash (for the net amount paid to the employee)

When the withholdings are remitted to the applicable recipient, the following entry would be made:

DR 21XX – Withholding Account  
CR 1500 - Operating Cash

For certain payments (i.e. pension, insurance premiums, etc.) there will also be an employer portion to be paid. The entries used to record these payments are detailed elsewhere in this policy.

#### Deferred Revenue

Cash received in one fiscal year, that represents income applicable to the following fiscal year is to be recorded as a liability of the High School. The most typical sources of these prepaid accounts are tuition and registration fees. The account to be used is:

#### **2200 – Deferred Revenue - Prepaid Tuition**

Entries to record transactions to this account are detailed in Policy 203.5.

Our accounting procedures call for recognizing Tuition and Subsidy income when they are earned. This requires that we use a deferred income account for each as follows:

#### **2205 – Deferred Tuition**

#### **2210 – Deferred Parish Subsidy**

Entries to record transactions to these accounts are detailed in Policy 203.5.

#### Accounts Payable



## Catholic Diocese of Columbus

- Policy     Guideline  
 Diocesan     Parish     School     All

### **203.2 – Chart of Accounts – High Schools and Interparochial/Consolidated Elementary School**

As a general rule, expenses will be recorded when the invoice is paid, not when the cost is incurred. The exception is those expenses related to the employer portion of employee benefits. These must be recorded at the time of the payroll. In addition, the monthly billing for General Liability insurance will be recorded when the invoice is received. The accounts to be used are:

**2240 – Employee Benefit Insurance Premiums**

**2250 – Payroll Taxes Due**

**2260 – Pension Payments Due**

**2270 – General Liability Insurance Premiums**

The entries to record the liability for each is:

DR 5550 or 5600 – Benefits

CR 2240 – Employee Benefit Insurance Premiums

DR 5550 or 5600 – Benefits

CR 2250 – Payroll Taxes Due

DR 5550 or 5600 – Benefits

CR 2260 – Pension Payments Due

DR 6550 – Insurance Expense

CR 2270 – General Liability Insurance Premiums

When payment is made, the liability is relieved by a debit to the appropriate liability account and a credit to the cash account from which payment is made.

#### Contra Accounts

It is against Diocesan policy for a High School to use a contra account. All transactions must be recorded per the requirements of this policy. If there is a question on the proper recording of a transaction, the High School should contact the Diocesan Finance Office.

#### **Long Term Liabilities**

##### Loans

During major construction projects, it is possible that funds may be provided by the Diocese which will be paid back either through receipt of pledges or through operations. These loans are recorded in the following account:

##### **2300 - Loans**

A subaccount should be created for each loan established with the Diocese.

Loan Increases: as construction payments are made by the Diocese from Diocesan funds, the following entry will be made:



## Catholic Diocese of Columbus

- Policy     Guideline  
 Diocesan     Parish     School     All

### **203.2 – Chart of Accounts – High Schools and Interparochial/Consolidated Elementary School**

DR 1900 – Leasehold Improvements  
CR 2300 – Loans

Loan Payments: when payments are made to the Diocese, they will typically include both principal and interest. Principal is recorded as a reduction of 2300 – Loans. Interest is recorded as an expense in account 6600 – Interest Expense. The following entry is made to record the payment:

DR 2300 – Loans (for the amount of principal)  
DR 6600 – Interest Expense (for the amount of interest)  
CR 1500 – Operating Cash (for the amount of the payment)

#### **EQUITY**

##### Net Assets

An equity account will be established for each major equity category. The following accounts are used

- 3100 – Net Assets – Operating** (school operating assets less school operating liabilities)  
**3200 – Net Assets – Designated** (non-operating activities)  
**3300 – Net Assets – Leasehold & Equipment**  
**3400 – Net Assets – Temporarily Restricted** (a separate sub account should be established for each Temporarily Restricted fund)  
**3500 – Net Assets – Permanently Restricted** (a separate sub account should be established for each Permanently Restricted fund)

At the end of each fiscal year, an entry will be made as part of the audit, to close the prior years income to the appropriate Net Asset account. These entries are recorded as:

DR Net Income (see below)  
CR 3100 – Net Assets – Operating  
CR 3200 – Net Assets – Designated  
CR 3300 – Net Assets – Leasehold Improvements  
CR 3400 – Net Assets – Temporarily Restricted  
CR 3500 – Net Assets – Permanently Restricted

The value for the Permanently Restricted Net Asset accounts will be equal to their ending asset value. The value for the Temporarily Restricted Net Asset accounts will be equal to the total of the PAF account balance plus net pledges receivable. The value for the Leasehold & Equipment Net Asset account will be equal to the value of the fixed assets net of depreciation. The value for Designated Net Asset accounts will equal to the cash balance associated with that activity.



## Catholic Diocese of Columbus

- Policy     Guideline  
 Diocesan     Parish     School     All

### **203.2 – Chart of Accounts – High Schools and Interparochial/Consolidated Elementary School**

#### Retained Earnings

Represents net income/loss of the school accumulated through the closing of Net Income to Equity. Quickbooks records amounts to this account. No separate journal entries should be recorded to this account.

#### Net Income

During the year, the net income or loss from all activities is recorded to this account. The appropriate amount will be closed out to Retained Earnings at the end of the fiscal year.

#### **TEMPORARILY RESTRICTED – INCOME/EXPENSE**

Funds donated for a specific non-operating purpose, but which will be used in their totality for that purpose, are considered temporarily restricted. This includes all Capital Campaign funds, except those restricted to funding an endowment. These funds, as collected, should be invested in a separate PAF account which clearly identifies the restricted use. Contributions to, earnings on, and distributions from these assets are accounted for using the following accounts:

- 7000 – Temporarily Restricted Revenue**
- 7010 – Temporarily Restricted – Interest Income**
- 7100 – Net Assets Released to Operating – Temporarily Restricted**
- 7105 – Net Assets Released for Capital Projects – Temporarily Restricted**

There are two types of receipts for a temporarily restricted fund: receipts of pledges towards the fund and receipts of donations without a pledge. When a contribution is received towards a temporarily restricted fund with or without a pledge, the following entry is made:

- DR 1XXX – Temporarily Restricted PAF Account
- CR 7000 – Temporarily Restricted Revenue

When interest is earned on the temporarily restricted account, the following entry is made:

- DR 1XXX – Temporarily Restricted PAF Account
- CR 7010 – Temporarily Restricted – Interest Income

When a distribution is made from the PAF account, and the funds are moved to your operating account, the following entry is made:

- DR 7100 – Net Assets Released to Operating – Temporarily Restricted
- CR 1XXX – Temporarily Restricted PAF Account

In the operating accounts, the following entry is made

- DR 1500 – Operating Cash
- CR 4500 – Temporarily Restricted Assets Released



## Catholic Diocese of Columbus

- Policy     Guideline  
 Diocesan     Parish     School     All

### **203.2 – Chart of Accounts – High Schools and Interparochial/Consolidated Elementary School**

If the Temporarily Restricted funds were raised in support of a Capital building or repair project, when invoices are paid, the following entries are to be recorded:

DR 1900 – Leasehold Improvements  
CR 1XXX – Temporarily Restricted PAF Account

DR 7105 – Net Assets Released for Capital Projects – Temporarily Restricted  
CR 3300 – Net Assets – Leasehold Improvements

#### **PERMANENTLY RESTRICTED – INCOME/EXPENSE**

Assets held in an endowment account or at a Foundation are accounted for as permanently restricted assets. Contributions to, earnings on, and distributions from these assets are accounted for using the following accounts:

**8000 – Permanently Restricted Revenue**  
**8010 – Permanently Restricted – Investment Income**  
**8015 – Permanently Restricted – Fee Expense**  
**8020 – Permanently Restricted – Realized/Unrealized Gain(Loss)**  
**8100 – Net Assets Released to Operating – Permanently Restricted**  
**8105 – Net Assets Released to Temp Restricted**

The entries to use for recording transactions to these accounts are detailed in Policy 203.5.