The Episcopal Diocese of Arizona

Definitions and Guidelines for Reporting Revenues

General Description of Operating Revenues:
All funds, from whatever source, that are used for the general operation of the congregation are operating revenues. The general operating income of the congregation are funds that cover – but not limited to – compensation of clergy & lay staff, all expenses related to operating and insuring the building(s), expenses of the music program, church school, adult education programs, flowers and supplies for the altar, diocesan mission share and office expenses.

Definition of:

Restricted, Unrestricted, Designated and Undesignated Funds:
• Funds are restricted (permanently or temporarily) only if the donor has specified that the gift, or income from the gift, is to be used for a specific purpose.
• Unrestricted funds may be designated, but not restricted by the vestry for a specific purpose.
• A donor may restrict a gift for an operating purpose (e.g. the fuel bill or the rector’s salary), and the portion used in the given month is considered operating income because the gift can only be used for an operating purpose.

Operating Revenues:
• All Funds used for operations

Plate offerings, including but not limited to:
• Loose plate offerings (checks or cash)
• Payments from persons who made no pledge or declined to use envelopes
• Donations from visitors or persons not members of the congregation.

Pledge payments, including but not limited to:
• All payments toward pledges (checks, envelopes and envelopes of members of the Church School

Regular support, including but not limited to:
• Payments from persons on a regular basis who made no pledge or declined to use envelopes

Undesignated offerings, including but not limited to:
• All unpledged or undesignated offering from any special services, Christmas, Easter, etc if used for operating purposes

Restricted income used for operating purposes, including but not limited to:
• All donations “restricted” for operating purposes, e.g., donations for flowers, fuel oil, the support of clergy etc
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Money from investments, used for operations, including but not limited to:

- All amounts from investment that were actually transferred into operating accounts or used for operating expenses during the current month.
- All interest or dividends used for church operating expenses
- Restricted investment income used for operating expenses, e.g., flower funds, music funds, etc.
- Withdrawals of principal or capital gains made to cover operating expenses
- If using a total return policy for investments, the amount transferred or spent during the month from the portfolio (whether principal, interest, dividends or accumulations) to support the operations of the congregation.

Other Operating Income including unrestricted gifts and restricted gifts used for operations, and contributions from congregation’s organizations, including but not limited to:

- Net use of Property Income. The income received from the donation for the use of property less direct expenses is considered operating income. This includes rental of rectories or vicarages.
- Net fundraising income. The income received from fundraising events less the direct expenses from the fundraising event is considered operating income.
- Include surplus operating revenues from cemeteries, schools, real estate, special grants from non-church sources
- Principal of all undesignated gifts used for all operating expenses
- Memorials that were used for operating expenses
- Income from congregation’s organizations and foundations used for operating expenses, i.e., ECW gifts used for operating purposes, foundation grants, men’s groups, Altar Guild, Flower Guild, Discretionary Funds, etc. that support the operating budget, etc

Unrestricted bequests used for operations, including but not limited to:

- Principal of all unrestricted legacies and bequests that were used for operating purposes, i.e., a church receives an unrestricted bequest of $15,000. $5,000 is used for operating purposes and $10,000 is invested. The $5,000 is considered operating income. In future months the invested money may become operating income if used for operations (see Money from investments used for operations).