Parish Financial Review
MEMORANDUM

To: Parish Clergy
Parish Vestry/Bishop’s Committee
Parish Internal Financial Review Committee Chair

From: H. Gibbs Reese
Chair, Diocesan Financial Review (Audit) Committee

Date: February 1, 2019


The continually improving financial review process initiated in April of 2017 continues to be well received while simultaneously saving both physical and monetary resources within your respective parish. However, while structuring the preparation and submission process to be much easier, again more than 50% of the reporting units failed to submit the required materials within the stated September 1st deadline. This same procedure remains unchanged for the 2018 calendar year submission. Our committee is charged with review and subsequent acceptance of each of the 35 (+/-) parish submissions. We have approximately one month to complete and accept all reviews prior to the convening of the annual Diocesan Convention.

In summary, there are seven (7) documents that are required of you to complete the Financial Review. Each is listed below with relative footnote(s). Further, examples of each are attached hereto as well as being available on the Diocesan website via Episcopal Diocese of Kentucky (episcopalky.org) – TAB: Church Administration – TAB: Financial Review Guidelines.

1. Parochial Report, pages 3 and 6 for the 2018 calendar year.
   • Based on the Canonical requirements, these same two documents are to be submitted to the Diocesan offices by March 1st. We are simply asking that you make another copy of same, review the statistics therein and include these as part of your materials.

2. Balance Sheet
   • This financial data/calculation should have been necessary for you to properly complete page 6 of the Parochial Report.

3. Income and Expense Statement
   • This financial data/calculation should have been necessary for you to properly complete page 3 of the Parochial Report.

4. Property and Liability Insurance – Declaration page(s) only.
   • May be available from your insurance carrier(s).

5. Internal Control Questionnaire
   • Complete responses including comments and notations as appropriate.

   • Complete requested responses, identify Parish Internal Financial Review Committee members and include respective signatures.

7. Internal Financial Review Committee Certificate
   • Complete requested responses, identify Parish Internal Financial Review Committee members and include respective signatures.
As a congregation, **sequentially your financial review requirements are as follows:**

1. Vestry/Bishop’s Committee should select your own Internal Financial Review Committee. This Committee should be a minimum of 3 individuals not related by blood or marriage to any check signers.

2. Conduct your individual financial review of the following documents in order to prepare for and subsequently complete the previously stated required documents submission
   - Bank statements and reconciliations of all accounts, i.e. checking, savings, investments and discretionary funds.
   - Balance sheets and Income/Expense statements for both operating and discretionary accounts. (Financial Reports)
   - Internal Controls Questionnaire.
   - Vestry or Bishop’s Committee Minutes relating to financial matters.
   - All cash receipts and cash disbursements along with supporting documentation including authorized signatures, payroll, vouchers, pledge and plate offerings, contracts, etc.
   - Listing of all active insurance policies with corresponding coverage value(s).


4. Vestry/Bishop’s Committee accepts the Internal Financial Review Committee’s reports. Any challenges and/or modifications to the submitted documents must be done in writing and included with the submission to the Diocese of Kentucky’s Financial Review (Audit) Committee.

5. Vestry/Bishop’s Committee submits one copy of each of the seven (7) aforementioned documents to the Diocese of Kentucky 1) via mail ATTN. - Financial Review Committee, 2) via facsimile (502-587-8123) or 3) electronically (Brian@episcopalky.org) before September 1st.

On behalf of our entire committee, we thank you for your cooperation and participation in submitting these materials in a timely manner. We have tried diligently to simplify and streamline this process. Should you have any questions regarding this process please feel free to contact Vicky Kaeser or me.

Respectfully submitted,

H. Gibbons Reese
Chair, Financial Review (Audit) Committee
2019AuditProcedures.02.01.19
## Stewardship and Financial Information of the Reporting Congregation

### Giving Information for 2014:

<table>
<thead>
<tr>
<th>Number of Pledges</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of signed pledge cards for 2014</td>
<td>1</td>
<td>93</td>
</tr>
<tr>
<td>Total $ Pledged</td>
<td>2</td>
<td>$278,544</td>
</tr>
</tbody>
</table>

### Report of Revenues and Expenses for 2014:

<table>
<thead>
<tr>
<th>Operating Revenues</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Plate offerings, pledge payments &amp; regular support</td>
<td>3</td>
<td>$302,403</td>
</tr>
<tr>
<td>Money from Investments used for operations in 2014</td>
<td>4</td>
<td>$32,002</td>
</tr>
<tr>
<td>Other operating income, including unrestricted gifts &amp; restricted gifts used for operations, &amp; contributions from congregation's organizations</td>
<td>5</td>
<td>$37,564</td>
</tr>
<tr>
<td>Unrestricted bequests used for operations</td>
<td>6</td>
<td>$0</td>
</tr>
<tr>
<td>Assistance from diocese for operating budget</td>
<td>7</td>
<td>$0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Operating Revenues</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds received for capital projects</td>
<td>8</td>
<td>$85,267</td>
</tr>
<tr>
<td>Additions to endowment &amp; other investment funds</td>
<td>9</td>
<td>$0</td>
</tr>
<tr>
<td>Contributions &amp; grants for congregation's based outreach &amp; mission programs</td>
<td>10</td>
<td>$0</td>
</tr>
<tr>
<td>Funds for transmit to other organizations</td>
<td>11</td>
<td>$0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Expenses</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>To diocese for assessment, apportionment, or fair share</td>
<td>12</td>
<td>$65,850</td>
</tr>
<tr>
<td>Outreach from operating budget</td>
<td>13</td>
<td>$1,500</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>14</td>
<td>$354,375</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Operating Expenses</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Major improvements &amp; capital expenditures</td>
<td>15</td>
<td>$18,029</td>
</tr>
<tr>
<td>Expense for congregation's outreach &amp; mission</td>
<td>16</td>
<td>$0</td>
</tr>
<tr>
<td>Funds contributed to Episcopal seminaries</td>
<td>17</td>
<td>$1,000</td>
</tr>
<tr>
<td>Funds transmitted to other organizations</td>
<td>18</td>
<td>$5,200</td>
</tr>
</tbody>
</table>

### At Year-End:

<table>
<thead>
<tr>
<th>As of December 31, 2014</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cash in all checking &amp; passbook savings accounts</td>
<td>19</td>
<td>$46,328</td>
</tr>
<tr>
<td>Total investment at market value (not including cash reported in line 19)</td>
<td>20</td>
<td>$1,171,792</td>
</tr>
<tr>
<td></td>
<td>1. Unrestricted Assets</td>
<td>2. Restricted Assets</td>
</tr>
<tr>
<td>---</td>
<td>------------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td></td>
<td>Operating Accounts</td>
<td>Congregation's Organizations</td>
</tr>
<tr>
<td>18.</td>
<td>Petty Cash</td>
<td>$8,410</td>
</tr>
<tr>
<td>19.</td>
<td>Checking Accounts</td>
<td>$3,461,600</td>
</tr>
<tr>
<td>20.</td>
<td>Savings Accounts</td>
<td></td>
</tr>
<tr>
<td>21.</td>
<td>Short Term Investments</td>
<td></td>
</tr>
<tr>
<td>22.</td>
<td>Accounts Receivable</td>
<td></td>
</tr>
<tr>
<td>23.</td>
<td>Temp Loans from Other</td>
<td></td>
</tr>
<tr>
<td>24.</td>
<td>Deferred Expenses</td>
<td></td>
</tr>
<tr>
<td>25.</td>
<td>Long Term Inv. at MV</td>
<td></td>
</tr>
<tr>
<td>26.</td>
<td>Land (appraised value)</td>
<td></td>
</tr>
<tr>
<td>27.</td>
<td>Buildings (140)</td>
<td></td>
</tr>
<tr>
<td>28.</td>
<td>Furniture and Equipment (appraised value)</td>
<td></td>
</tr>
<tr>
<td>29.</td>
<td>Depreciation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I. Total Assets (add 18-28 minus 29)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>J. Total Liabilities (add 30-34)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>K. Net Assets (J minus I)</td>
<td></td>
</tr>
</tbody>
</table>

**Liabilities**

|   | Accounts Payable |  |  |  |  |
| 30. | Payroll Taxes Payable |  |  |  |  |
| 31. | Temp Loans to Other |  |  |  |  |
| 32. | Deferred Income |  |  |  |  |
| 33. | Long Term Debt |  |  |  |  |

**Insurance Category**

- **a.** Buildings(s): Church Insurance of Vermont
  - Coverage: $1,528,000
- **b.** Contents of Building(s): Church Insurance of Vermont
  - Coverage: $242,000
- **c.** Bonding: Church Insurance of Vermont
  - Coverage: $50,000
- **d.** Worker's Compensation: Yes

**Audit**

- **Name of Firm/Auditor/Authorized Audit Committee:** Internal Audit Committee
- **Sched Audit Date (Canon 1.7):** July, 2014
**ASSETS**

**Current Assets**
- Checking/Savings
  - Wilson & Muir - Discretionary: 691.65
  - Wilson & Muir Bank: 45,488.35
  - Wilson & Muir Bank - Capital Acct: 39,486.29
- Total Checking/Savings: 85,664.29
- Other Current Assets
  - Cert of Dep.: 15,301.85
  - Cert of Deposit: 10,504.90
- Total Other Current Assets: 26,806.75

**Total Current Assets:** 111,451.04

**Fixed Assets**
- Furniture and Equipment: 28,269.99

**Total Fixed Assets:** 28,269.99

**TOTAL ASSETS:** 137,721.03


**LIABILITIES & EQUITY**

**Liabilities**
- Current Liabilities
  - Accounts Payable: -10.88
  - Total Accounts Payable: -10.88
- Other Current Liabilities
  - Ky Withholding Payable: 231.69
  - Occupational Tax Payable: 21.84
  - Payroll Liabilities: 674.74
- Total Other Current Liabilities: 958.27

**Total Current Liabilities:** 947.29

**Total Liabilities:** 947.29

**Equity**
- Memorials: 575.00
- Other: 1,065.00
- Memorials - Other: 100.00

**Total Memorials:** 2,340.00

**Opening Balance Equity**
- Total Restricted Net Contributions: 3,184.45

**Restricted Net Contributions**
- Christmas Outreach: 48.34
- Community Outreach: 53.17
- Cookbooks: 220.00
- Flower Fund: 684.76
- Organ Maintenance: 819.48
- Playroom Flooring: 500.00
- Restricted Gifts: 730.71
- Room at the Inn: 100.00

**Total Restricted Net Contributions:** 3,184.45

**Unrestricted Net Assets**
- Vicar's Discretionary Fund: -3,735.44
- Net Income: -1,637.60

**Total Equity:** 135,773.74

**TOTAL LIABILITIES & EQUITY:** 137,721.03
### Profit & Loss

**January through December 2016**

<table>
<thead>
<tr>
<th>Income</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1015 - Mission-Community Projects(Inc)</td>
<td>1,015.00</td>
</tr>
<tr>
<td>1015A - Evensong</td>
<td></td>
</tr>
<tr>
<td>Total 1015 - Mission-Community Projects(Inc)</td>
<td>1,015.00</td>
</tr>
<tr>
<td>1002 - Non-Pledge Offering</td>
<td>6,655.72</td>
</tr>
<tr>
<td>1003 - Plate Offering</td>
<td>218.30</td>
</tr>
<tr>
<td>1004 - Pledge Offering</td>
<td>35,543.00</td>
</tr>
<tr>
<td>1006 - Checking Acct Interest</td>
<td>8.33</td>
</tr>
<tr>
<td>1009 - Altar Donations</td>
<td>235.00</td>
</tr>
<tr>
<td>1012 - Other Income - Misc</td>
<td>959.92</td>
</tr>
<tr>
<td>1012G - Fundraisers</td>
<td></td>
</tr>
<tr>
<td>1012 - Other Income - Misc - Other</td>
<td>8,642.00</td>
</tr>
<tr>
<td>Total 1012 - Other Income - Misc</td>
<td>9,591.92</td>
</tr>
<tr>
<td>1024 - Rectors Discretionary FD</td>
<td>354.65</td>
</tr>
<tr>
<td>1060 - Music Support Offering</td>
<td>2,240.00</td>
</tr>
<tr>
<td>4008 - Restricted-Special Offerings</td>
<td></td>
</tr>
<tr>
<td>4008D - All Saints Scholarships</td>
<td>2,275.50</td>
</tr>
<tr>
<td>4008B - All Saints Offering</td>
<td>148.00</td>
</tr>
<tr>
<td>4008A - Bishop's Discretionary Fund</td>
<td>45.00</td>
</tr>
<tr>
<td>4003 - Restricted-Special Offerings - Other</td>
<td>72.00</td>
</tr>
<tr>
<td>Total 4008 - Restricted-Special Offerings</td>
<td>2,542.00</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>9,937.34</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expense</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2085 - Stewardship Campaign</td>
<td>63.98</td>
</tr>
<tr>
<td>2086 - Building/Equipment/Repairs</td>
<td>10,598.25</td>
</tr>
<tr>
<td>2010 - Mission-Community Projects(Exp)</td>
<td></td>
</tr>
<tr>
<td>2010A - Evensong</td>
<td>572.84</td>
</tr>
<tr>
<td>2010 - Mission-Community Projects(Exp) - Other</td>
<td>140.00</td>
</tr>
<tr>
<td>Total 2010 - Mission-Community Projects(Exp)</td>
<td>712.84</td>
</tr>
<tr>
<td>2000 - Altar Expenses</td>
<td></td>
</tr>
<tr>
<td>2000A - Altar Flowers</td>
<td>340.00</td>
</tr>
<tr>
<td>2000B - Altar Expenses - General</td>
<td>232.31</td>
</tr>
<tr>
<td>Total 2000 - Altar Expenses</td>
<td>632.31</td>
</tr>
<tr>
<td>2001 - Christian Education Expense</td>
<td></td>
</tr>
<tr>
<td>2001A - Camp Scholarships</td>
<td>2,099.00</td>
</tr>
<tr>
<td>2001B - Christian Education Expense-Gen</td>
<td>212.46</td>
</tr>
<tr>
<td>2001C - Christian Education Expense - Other</td>
<td>61.00</td>
</tr>
<tr>
<td>Total 2001 - Christian Education Expense</td>
<td>2,372.46</td>
</tr>
<tr>
<td>2002 - Church Insurance</td>
<td>2,617.36</td>
</tr>
<tr>
<td>2003 - Clergy</td>
<td></td>
</tr>
<tr>
<td>2003B - Salary</td>
<td>0.00</td>
</tr>
<tr>
<td>2003C - Travel</td>
<td>451.65</td>
</tr>
<tr>
<td>Total 2003 - Clergy</td>
<td>451.65</td>
</tr>
<tr>
<td>2013 - Diocesan Apportionment</td>
<td>5,359.17</td>
</tr>
<tr>
<td>2014 - General Supplies-Non Office</td>
<td>46.38</td>
</tr>
<tr>
<td>2015 - Maintenance Expense</td>
<td></td>
</tr>
<tr>
<td>2015A - Maintenance Supplies</td>
<td>31.79</td>
</tr>
<tr>
<td>2015C - Mowing</td>
<td>1,080.00</td>
</tr>
<tr>
<td>2015 - Maintenance Expense - Other</td>
<td>75.00</td>
</tr>
<tr>
<td>Total 2015 - Maintenance Expense</td>
<td>1,168.79</td>
</tr>
<tr>
<td>2019 - Miscellaneous Expense</td>
<td>1,293.00</td>
</tr>
<tr>
<td>2020 - Office Exp</td>
<td></td>
</tr>
<tr>
<td>2020A - Phone</td>
<td>362.64</td>
</tr>
<tr>
<td>2020B - Internet Service</td>
<td>550.00</td>
</tr>
<tr>
<td>2020C - Office Supplies/Expense</td>
<td>611.76</td>
</tr>
<tr>
<td>2020 - Office Exp - Other</td>
<td>44.88</td>
</tr>
<tr>
<td>Total 2020 - Office Exp</td>
<td>1,469.37</td>
</tr>
</tbody>
</table>
### Profit & Loss
January through December 2016

<table>
<thead>
<tr>
<th>Category</th>
<th>Jan - Dec 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>2024 · Organist</td>
<td></td>
</tr>
<tr>
<td>2024A · Salary</td>
<td>5,125.00</td>
</tr>
<tr>
<td><strong>Total 2024 · Organist</strong></td>
<td>5,125.00</td>
</tr>
<tr>
<td>2028 · Utilities</td>
<td></td>
</tr>
<tr>
<td>2028A · LG&amp;E (Electric &amp; Gas)</td>
<td>2,894.43</td>
</tr>
<tr>
<td>2028B · Water &amp; Sewer</td>
<td>321.00</td>
</tr>
<tr>
<td><strong>Total 2028 · Utilities</strong></td>
<td>3,215.43</td>
</tr>
<tr>
<td>2031 · Supply Clergy (Visiting Vicar)</td>
<td></td>
</tr>
<tr>
<td>2031A · Travel-Supply Clergy</td>
<td>2,114.64</td>
</tr>
<tr>
<td>2031B · Honorarium-Supply Clergy</td>
<td>4,026.00</td>
</tr>
<tr>
<td><strong>Total 2031 · Supply Clergy (Visiting Vicar)</strong></td>
<td>6,140.64</td>
</tr>
<tr>
<td>2080 · Music Support (Exp)</td>
<td></td>
</tr>
<tr>
<td>2080A · Music Support-General</td>
<td>234.00</td>
</tr>
<tr>
<td>2080B · Equipment Maintenance</td>
<td>220.00</td>
</tr>
<tr>
<td><strong>Total 2080 · Music Support (Exp)</strong></td>
<td>454.00</td>
</tr>
<tr>
<td><strong>Total Expense</strong></td>
<td>42,880.46</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>16,585.81</td>
</tr>
</tbody>
</table>
EXHIBIT – 4

COMPANY OF VERMONT
DIOCESAN PROGRAM CERTIFICATE

Certificate Number: VPP0006557
Diocese Number:
Participant:
Diocese of: Dioceese of Kentucky and The Bishop Dudley Memorial Fund, Inc

Mailing Address:

Agency: CIC of Vermont
Region: 06
Service: 1-800-293-3525


Premises Number: 1
Building Number: 1
Description: CHURCH

Coverage Type
Building
Personal Property
Earthquake

Valuation: Replacement Cost

Deductibles: Hurricane Flood
Wind/Hail (other than Hurricane)
Crime
Sinkhole Collapse
All Other Property

Limit $392,800
$97,900

Equipment
Breakdown
Spoilage
24 hours

Equipment
Breakdown
Service Interruption
24 hours

Percent deductible for Hurricane, Flood, Earthquake, Sinkhole Collapse or Windstorm/Hail is the indicated percentage of the building and contents limits shown on this Declarations page. If an Earthquake Sublimit is provided, the Earthquake deductible is the indicated percentage of the Earthquake Sublimit shown on this Declarations page.

Coinsurance: Coinsurance Waiver / Agreed Amount
In return for the payment of the premium and subject to all terms and conditions, we agree with you to provide the insurance as stated in your Diocesan policy.

**Description:**
- Blanket Buildings and Contents
- Flood
- Foreign and Domestic Terrorism
- Water Backup and Overflow
- Equipment Breakdown
- Earthquake Blanket
- Fine Arts
- Ordinance or Law
- Commercial Liability
  - Pastoral Counseling
  - Hired and Non-Owned Auto
  - Products/Completed Work Liability
- Personal Injury/Advertising Injury
- Employee Benefits Liability
- Fire Legal Liability
- Medical Payments
- Sexual Misconduct Liability
  - per Occurrence
  - Aggregate
- Directors' and Officers' Liability
  - (Including Educator's E&O)
  - and Employment Practices Liability
  - $1,000,000 per claim / $1,000,000 aggregate
- Accident Medical Expense
  - per Occurrence
  - Aggregate
  - $15,000
  - $60,000

(Limits continued on next page)

(See Specific Coverage sections for complete descriptions of coverage, definitions, retentions, deductible, schedules, exclusions and limits.)
Certificate Number: VPP0006587
Diocese Number:
Participant:
Diocese of: Diocese of Kentucky and The Bishop Dudley Memorial Fund, Inc

Mailing Address: 
Agency: CIC of Vermont
Region: 06
Service: 1-800-293-3825


Description:

Crime Insuring Clauses
- Employee Theft Coverage
- Premises Coverage
- In Transit Coverage
- Forgery Coverage
- Computer Fraud Coverage
- Funds Transfer Fraud Coverage
- Money Orders and Counterfeit
- Currency Fraud Coverage
- Credit Card Fraud Coverage
- Client Coverage
- Expense Coverage

(Retention of 1% of the applicable limit applies to all Crime Coverage)

Commercial Umbrella
- per Occurrence: $1,000,000
- Aggregate: $1,000,000

Sexual Misconduct
- per Occurrence: $1,000,000
- Aggregate: $1,000,000

Retained Limit (applies only to Coverage U)
- $10,000

Underlying Insurance for Umbrella
- Commercial Liability
- Auto Liability
- Employers Liability Limits
- Directors and Officers Liability
- Church Insurance Company
- Any Admitted Insurer
- Church Insurance Company

(See Specific Coverage sections for complete descriptions of coverage, definitions, retentions, deductibles, schedules, exclusions and limits.)
Chapter II: Internal Controls; Section C

The following Internal Control Questionnaire is intended to provide guidance for setting up an accounting system and a checklist for periodic review and evaluation of an existing system. The questionnaire is designed also to assist a congregation’s internal audit committee. The format is a series of questions, most of which refer to some recommended internal control. The normative answer to a question will be positive. A negative response suggests an area of the system that could be strengthened.

Developing a narrative description is suggested, to provide documentation of the current review. This narrative should be retained for reference in future evaluations.

**General:** The following items are intended to provide general information to aid understanding of the overall accounting and internal control system.

1. Are prior internal control questionnaires and auditors' recommendations available? Yes ☐ No ☐
2. Have recommendations of prior reports on internal controls been implemented? Yes ☐ No ☐
3. Is a complete and current chart of accounts, listing all accounts and their respective account numbers, available? Yes ☐ No ☐
4. Is there an accounting policy and procedure manual? Is it up to date? Yes ☐ No ☐
5. Is a current edition of this manual available? Yes ☐ No ☐
6. Is the accounting system using a double-entry bookkeeping method? Yes ☐ No ☐
7. Have the findings of external auditors been reported to the Vestry? Yes ☐ No ☐

**Budget:** The development and use of a budget is a critical management tool that will aid in the stewardship and administration of church resources and program.

1. Is the budget approved by the Vestry? Yes ☐ No ☐
2. Are all changes to the budget authorized by the Vestry and recorded in the minutes of the meetings? Yes ☐ No ☐
3. Is there a periodic review of the budget by the Vestry? Yes ☐ No ☐

**Reporting:** The best accounting system is of little value, unless it communicates the information it contains to those responsible. Although there may be variations, certain minimum standards exist to assure adequate communication of the financial information.

1. Is a Treasurer's report submitted to the Vestry or accounting committee each month? Yes ☐ No ☐
2. Is the Treasurer's report presented in sufficient detail to inform the reader about the nature of the various income and disbursement items? Yes ☐ No ☐

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f. Is the bank immediately notified of all changes of authorized check-signers? Yes □ No □
5. Are all journal entries for bank charges and bank account interest recorded routinely? Yes □ No □
6. Are all bank accounts included on financial reports to the Vestry? Yes □ No □

**Petty Cash:** The following controls are intended to provide a timely recording of cash expenditures in the accounting system.

1. Is the responsibility for the petty cash fund assigned to one person? Yes □ No □
2. Are all petty cash funds maintained on an imprest basis, i.e., the total amount of vouchers paid or disbursed, plus cash, always equal the amount of the fund? Yes □ No □
3. Is adequate review made of documentation before the fund is reimbursed? Yes □ No □
4. Is the petty cash fund reimbursed at least monthly? Yes □ No □
5. Are check cashing and making loans to employees prohibited? Yes □ No □
6. Is the actual petty cash protected from theft or misplacement? Yes □ No □

**Investments:** Procedures for proper recording and control of all investment instruments will help to assure that all assets and related income are accounted for and properly reported.

1. Are all investment instruments held in the name of the church only? Yes □ No □
2. Is authorization for the sale and/or purchase of investments provided for by the Vestry or authorized investment committee? Yes □ No □
3. Are all investment instruments adequately protected from fire, theft, or misplacement? Yes □ No □
4. Is the income/dividends/interest recorded? Yes □ No □
5. Are all investment accounts included in financial reports to the Vestry? Yes □ No □

**Property and Equipment:** Certain procedures involving the physical assets of the church will aid in detecting, identifying, and preventing losses.

1. Is formal approval of the Vestry required for all property and equipment additions and dispositions? Yes □ No □
   Is a detailed inventory of all property, furniture, fixtures, and equipment maintained showing:
   a. Date acquired? Yes □ No □
   b. Detailed description? Yes □ No □
   c. Cost or fair market value at time of donation? Yes □ No □
   d. Any funding source restrictions? Yes □ No □
2. Is a periodic review conducted to compare the actual property, furniture and fixtures, and equipment with the recorded inventory listing? Yes □ No □
3. Is there a safe deposit box?
   a. Who is authorized to enter it? Yes □ No □
   b. Is there an inventory of its contents? Yes □ No □
4. Are permanent records such as articles of incorporation, if applicable, bylaws and real estate deeds kept in a safe place? Yes □ No □
5. Are they up to date? Yes □ No □
3. Does the report present the current actual financial data compared with the approved budget?  
   Yes □  No □
4. Is there periodic reporting, at least quarterly, of all other funds and activities, including designated or restricted funds?  
   Yes □  No □

_Cash Receipts_ Clearly stated policies and procedures regarding the handling of cash and other receipts help not only to protect from loss, but assure that all receipts are properly recorded in the records.

1. Are there safeguards to protect the collections from theft or misplacement from the time of receipt until the time the funds are counted and deposited?  
   Yes □  No □
2. Are the collection receipts counted and deposited so that the deposit equals the entire amount of receipts on a timely basis (e.g., at least weekly)?  
   Yes □  No □
3. Are there at least two unrelated persons responsible for counting and depositing the collections?  
   Yes □  No □
4. Are the persons responsible for counting receipts rotated on a periodic basis?  
   Yes □  No □
5. Do the counters have a standardized form for recording the deposit information?  
   Yes □  No □
6. Are the counters' sheets retained and reconciled with actual deposits, and are all discrepancies investigated?  
   Yes □  No □
7. Is there a control prohibiting the cashing of checks from the currency received?  
   Yes □  No □
8. Are all of the pledge envelopes or other memoranda retained and reconciled to the recorded amounts?  
   Yes □  No □
9. Are all other cash receipts recorded and deposited on a timely basis?  
   Yes □  No □
10. Are all checks received restrictively endorsed — for deposit only “immediately upon receipt?”  
    Yes □  No □
11. Are all cash receipts deposited into the general operating checking account?  
    Yes □  No □
12. Are there procedures that will highlight, or bring to someone’s attention, the fact that all receipts or income have not been received or recorded?  
    Yes □  No □
13. Are periodic statements provided to donors of record (i.e. at least quarterly)?  
    Yes □  No □
14. Do acknowledgments of contributions in excess of $250 include a receipt from the recipient organization which states that it is “the contemporaneous acknowledgment required by the Internal Revenue Code, and states that, in accordance with Section 170(f)(8)(B), any goods or services provided consist solely of intangible religious benefits”?  
    Yes □  No □
15. Are all discrepancies investigated?  
    Yes □  No □

_Cash Disbursements:_ The following procedures will assist in assuring that all payments are properly approved, recorded, and supported by appropriate documentation.

1. Are all disbursements made by check, except for small expenditures made from petty cash?  
   Yes □  No □
2. Are all checks pre-numbered and used in sequence?  
   Yes □  No □
3. Is there a clearly defined approval process for all disbursements?  
   Yes □  No □

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4. Are all voided checks properly cancelled and retained?  
   Yes ☐  No ☐
5. Are all checks made payable to specified payees and not to cash or to bearer?  
   Yes ☐  No ☐
6. Are all disbursements supported by original documentation?  
   Yes ☐  No ☐
7. Is the original vendor's invoice or other documentation cancelled at the time of signature to prevent duplicate payment?  
   Yes ☐  No ☐
8. Check signing: 
   a. Is signing blank checks prohibited?  
      Yes ☐  No ☐
   b. Is using a signature stamp or pre-printed signatures prohibited?  
      Yes ☐  No ☐
   c. Does all supporting documentation accompany checks presented for signature?  
      Yes ☐  No ☐
   d. Are all account signers authorized by the Vestry?  
      Yes ☐  No ☐
   e. Is more than one signature required for any check?  
      Yes ☐  No ☐
   f. If not, do checks for more than $500 require more than one signature?  
      Yes ☐  No ☐
   g. If signature imprint machines are used, are the keys kept under lock and key except when in use?  
      Yes ☐  No ☐
9. Are all disbursements requiring special approval of funding sources or the Vestry properly documented in the Vestry or Finance Committee minutes?  
   Yes ☐  No ☐
10. Are there adequate controls and segregation of duties regarding electronic funds transfers?  
    Yes ☐  No ☐

*Journal Entries:* Journal entries offer a special opportunity to make adjustments to accounting records. The general journal is an equally important book of original entry as the cash receipts and cash disbursements journals.

1. Is there an appropriate explanation accompanying each journal entry?  
   Yes ☐  No ☐
2. Are all journal entries approved by a knowledgeable authority other than the person initiating the entry?  
   Yes ☐  No ☐
3. Is adequate documentation maintained to support each journal entry?  
   Yes ☐  No ☐

*Bank Account Reconciliation:* The monthly reconciliation of all bank accounts is a primary tool for assuring the proper recording and accounting for all cash account activity.

1. Are all bank accounts reconciled within 10 days of receipt of bank statement?  
   Yes ☐  No ☐
2. Do two different people perform the tasks of opening and reconciling the bank statement?  
   Yes ☐  No ☐
3. Does someone complete the bank account reconciliations other than the person who participates in the receipt or disbursement of cash?  
   Yes ☐  No ☐
4. Do the reconciliation procedures provide for: 
   a. Comparison between the bank statement and the cash receipts journal of dates and amounts of deposits?  
      Yes ☐  No ☐
   b. Investigation of bank transfers to determine that both sides of the transactions have been recorded?  
      Yes ☐  No ☐
   c. Investigation of all bank debit and credit memos?  
      Yes ☐  No ☐
   d. Review of all checks outstanding more than 90 days?  
      Yes ☐  No ☐
   e. Are checks more than 180 days outstanding voided during the year-end reconciliation?  
      Yes ☐  No ☐

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2. Is there a written record of hours worked, approved by a supervisor when applicable? Yes □ No □

3. Are there adequate records to:
   a. Show computation of gross pay? Yes □ No □
   b. Account for all deductions from gross pay? Yes □ No □
   c. Support payroll tax returns and Forms W-2? Yes □ No □

4. Are payroll tax returns filed on a timely basis? Yes □ No □

5. Are payroll tax deposits made on a timely basis? Yes □ No □

6. Are all employees, clergy and lay, receiving a Form W-2? Yes □ No □

7. Are Forms 1099 being provided for all individuals who are not employees, and for all unincorporated entities paid $600 or more annually? Yes □ No □

8. Are Form W-2 wages reconciled to the general ledger accounts, and all four quarterly payroll tax returns? Yes □ No □

9. Are clergy housing allowances recorded in the minutes of the Vestry no later than the first meeting of the year? Yes □ No □

Computer Systems: The use of computers creates the need for additional procedures to safeguard the system and data.

1. Are current or duplicate copies of the operating system and programs maintained off premises? Yes □ No □

2. Are the files backed up daily and the backups maintained off premises? Yes □ No □

3. Is access to the computer and computer programs limited to authorized persons? Yes □ No □

4. Is there adequate documentation, including user manuals, available on-site for all computer programs? Yes □ No □

5. Is a printed copy retained of all journals, general ledger, financial statements and any other computerized records? Yes □ No □

6. Is there a plan for recovery of data and continuation of operations in the event of a disaster? Yes □ No □

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Insurance: Insurance should be maintained that is adequate to protect against all reasonable risks of loss.

1. Is a periodic review conducted to ensure the adequacy of the insurance coverage for:  
   a. Property?  
   b. Liability?  
   c. Fidelity bond?  
   d. Sexual misconduct?  
   e. Directors and officers liability?  
   f. Workers' compensation?  
2. Is there a policy related to sexual misconduct?  
3. Is a periodic review conducted to ensure that adequate controls are in place to prevent loss?

Liabilities and Other Debt: All liabilities and other debt must be clearly reported, and all provisions or restrictions complied with.

1. Is all borrowing or indebtedness authorized by the Vestry and the appropriate diocesan board or committee?  
2. Are all loan agreements and/or lease agreements in writing and properly safeguarded?  
3. Are there periodic reviews conducted to determine compliance with any debt/lease provisions?  
4. Are all liabilities noted on Financial Reports to Vestry?

Restricted Gifts and Income: Gifts restricted by donors are not handled in the same manner as other contributions. Procedures are necessary to assure that these gifts are recorded properly and all restrictions are observed.

1. Are records maintained of all bequests, memorials, endowments, or any other restricted gifts to include:  
   a. Date, amount and donor of gift?  
   b. Any restrictions or limitations?  
2. Does the Vestry or other authoritative body approve all restricted gifts and grants?  
3. Are the income and other transactions periodically reported to the Vestry?  
4. Are written acknowledgments issued for whom they are required?

Payroll: The application of policies and procedures involving the employment of individuals assures compliance with payroll tax reporting to the various governmental entities.

1. Are personnel files maintained to include:  
   a. Employment application and/or letter of employment  
   b. Authorizations of pay rates and effective dates?  
   c. Internal Revenue Service Form W-4?  
   d. Department of Justice Form I-9?  
   e. State Withholding Forms?  
   f. New hire reporting?

Embracing Christ, Engaging the World
The Episcopal Diocese of Kentucky
Internal Financial Review Committee Certificate

Date:       
To:    the Rector, Wardens and Vestry of ____________________________
                  Name and address of church

Subject:  20___ Internal Financial Review

We have inspected the statement of financial position of ____________________________ Church as of December 31, 20___, and the related statement of activities and cash flows for the year then ended. Our inspection was made in accordance with the guidelines of the Manual of Business Methods in Church Affairs, and the financial statements are prepared on a (please circle one—cash, modified accrual, or accrual) basis in accordance with principles adopted by the Episcopal Church and approved by its General Convention except as noted.

(Note exceptions here, if any: Was depreciation recognized? Were donated services recorded?)

We have taken steps to see that the accompany financial statements, as presented in the Parochial Report for 20___, present fairly in all material respects, except as noted above, the financial position of the Congregation at December 31, 20___; and that the changes in the net assets and its cash flows for the year then ended are in accordance with the principles authorized by General Convention of the Episcopal Church on a basis consistent with that of the preceding year.

Our inspection and certificate are not meant to be construed as an audit and opinion rendered by a Certified Public Accountant.

Members of the Internal Financial Review Committee

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The Episcopal Diocese of Kentucky
Internal Financial Review Committee Findings on Policies and Procedures

Date: ______/_____/_____
To: the Rector, Wardens and Vestry of ______________________________
   Name and City of Church

Subject: 20___ Internal Financial Review

During the course of the above inspection the following items pertaining to internal control and other operation matters were noted. The first group includes areas of management control where prior year recommendations have been implemented; the second group includes comments and recommendations of current year. This letter should be made a part of the minutes of your vestry meeting.

Areas where prior year review recommendations have been implemented:

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

Comments and recommendations of current year committee:

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

Members of the Internal Financial Review Committee

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