

# Diocese of La Crosse Unified Catholic School Systems Accounting Policies and Procedures Manual

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## Chapter Nine: Parish Investment

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### A. Deferred Parish Investment

According to generally accepted accounting principles, revenues must be recognized as they are earned. Therefore, it is the policy of the Diocese of La Crosse Catholic Schools to recognize parish investment revenue evenly over the twelve (12) months of the fiscal year, regardless of when it is actually collected. However, the amount of cash collected for parish investment and the amount remaining must also be recorded. There are three places on the financial statements where parish investment is tracked, each with its own purpose. They are:

Revenue recognition activity	<p><b>Parish Support</b> (Statement of Activities) – This is the parish support considered to be <u>earned</u>. It is equal to 1/12 of the estimated total parish support for the year multiplied by the number of months since July 1</p> <p><b>Deferred Parish Support</b> (Statement of Financial Position - Liability) – This is the parish support yet to be earned. It is equal to the total estimated support for the year, and any accumulated pre-paid balance from previous years, less Parish Support on the Income Statement.</p>
Cash collection activity	<p><b>Accounts Receivable – Parish</b> (Statement of Financial Position - Asset) – This is the amount of <u>uncollected</u> parish support.</p>

#### Transactions in the Deferred Parish Investment Account

- The Deferred Parish Support account is established as parishes are invoiced prior to the beginning of the year (see Section B). The total amount of the agreed upon support is recorded as follows:

<b>1405 Accounts Receivable – Parish</b>	<b>XXX</b>	
<b>2360 Deferred Parish Support</b>		<b>XXX</b>

Based on this explanation, at the beginning of the school year the Deferred Parish Support account and the Accounts Receivable – Parish account balances should be the same, unless a parish has overpaid or pre-paid from a prior year. Both are needed, however, because investment is recognized and collected at different rates.

- Beginning July 1 calculate the parish support to be recognized. It is calculated by taking the parish investment for the year and dividing the amount by 12. Each month, recognize the revenue with this standard monthly journal entry:

<b>2360 Deferred Parish Support</b>	<b>XXX</b>	
<b>4105 Parish Support</b>		<b>XXX</b>

### B. Invoicing

In July, or before, if possible, invoice parish investment on a monthly basis. This is done through the system's accounts receivable software to allow for the tracking of individual parish accounts, as discussed in **Chapter 5 - Cash Receipts – Accounts Receivable Procedures**.

- Each December the pastors from the supporting parishes will meet to determine investment by parish using the Parish Investment Formula adopted by the Deanery. The calculation of this amount will vary by school and should be documented in **Section D – School Specific Procedures**.
- Enter an invoice for 1/12 of the entire amount of the annual investment less any \$crip credits earned.

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- 3. Send out monthly parish statements.

***C. Parish Investment Collection***

As payments are received, they are recorded to an individual parish account through the cash receipts procedure. At the end of each month forward a list of parish payments to the Office of Catholic Schools. Communicate past due accounts with system President and Dean. The payment is recorded as follows:

<b>1105 General Checking</b>	<b>XXX</b>	
<b>1405 A/R Parish Support</b>		<b>XXX</b>

When \$scrip credit is earned the entry is recorded as follows:

<b>5195 \$scrip Expense</b>	<b>XXX</b>	
<b>1405 A/R Parish Support</b>		<b>XXX</b>

***D. Year-end Balance – St. Ambrose Financial Services, Inc. Loan***

The current policy for a parish with a year-end account receivable balance is for the parish to convert the accounts payable (account receivable to the system) balance to the system to a loan from St. Ambrose Financial Services, Inc. if the parish is unable to come to an agreement on a reasonable payment schedule. St. Ambrose Financial Services, Inc. will issue a check to the system for the amount of the parish has left to pay for the fiscal year. The following entry should be made:

<b>1001 Cash</b>	<b>XXX</b>	
<b>1405 A/R Parish Support</b>		<b>XXX</b>

***E. School Specific Procedures***

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