Audit Guide

Episcopal Diocese of Springfield
Springfield, Illinois

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For use by the congregations within the Diocese
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Purpose of the Audit

An audit is designed to serve two functions. One is to verify by a qualified, independent and impartial auditor, the books and accounts of a church and the published year-end statement of operations and condition (Balance Sheet). The other is to certify that there have been no changes in the accounting method other than those noted in the audit report itself. Beyond that, an auditor should examine the internal control system in effect at the church in regard to the handling and the management of incoming checks and cash. Adequate control over checking accounts, invested funds, safe deposit boxes, deeds to property, insurance in force and other matters that may affect the integrity of the assets of the church are items of concern in this area of the audit. The auditor should comment on deficiencies in control features by writing a management letter separate from the audit report.

Once the audit has been completed, the report should be given to the Mission Leadership Team with the management letter, if any. The audit is a matter for discussion by the Mission Leadership Team at a regular meeting and the fact that it has been received and discussed should be entered in the minute book. The congregation should be notified that the audit has been completed to give them assurance that the church is carrying on its affairs in a business-like manner. Within 30 days of completion, but not later than September 1st of each year the audit report including financial statements, is to be forwarded to the Department of Audit, in accordance with Canon 31, Section 7.

A church should be subject to annual audits because it is good business practice and establishes the reliability of the published financial statements and adds to the feeling of confidence in the management of the affairs in the organization. For these reasons, the General Convention has adopted Title 1 Canon 7 “Of Business Methods in Church Affairs” which provides for an annual audit. In addition, the Diocesan Synod has adopted canons concerning this subject.

Under civil law, the members of the Mission Leadership Team of an Incorporated Eucharistic Community are the directors of the corporation and, as such, are legally liable for the actions of the corporation. The absence of an audit could increase the liability of individual Mission Leadership Team members by showing a lack of responsibility. There are people who, as a matter of prudence, would refuse to serve on a Mission Leadership Team that did not require annual audits.

In conclusion, a discussion on the purpose of an audit would be incomplete without reference to the detection of fraud. When conducting the ordinary audit examination, the auditor should be aware of the possibility that fraud may exist. Financial statements may be misstated as a result of defalcations and similar irregularities. However, an audit itself is not a guarantee that all fraud will be detected. Reliance for the prevention and detection of fraud should be placed principally upon an adequate accounting system, good internal control and fidelity bonds. In the case of fidelity bonds, protection is afforded not only by the indemnification for discovered defalcations, but also by the possible deterrent effect upon employees.
Audit Guide

1. Purpose

To assist Incorporated Eucharistic Communities and Eucharistic Communities to comply with Title 1 Canon 7, Section 1 (5) of the General Convention and Diocesan Canons, the following guide has been developed for use by a committee of qualified persons (see note below) who are members of your church appointed by the Minister and Mission Leadership Team, none of whom shall have functioned as the Treasurer, Bookkeeper, or the person keeping the accounting records during the period under audit.

Note: Qualified persons are ones who are willing to conduct the audit properly and in accordance with the audit guide. An accounting or bookkeeping background is desirable; however, others can be appointed so long as they can be independent and agree to devote the time to do the audit properly. The purpose of this document is to simplify and de-mystify the audit process. The clergy should not be a part of this Audit Committee as they are part of management and management does not audit itself. The Committee should take its work seriously because upon completing the audit all members must sign a certificate in approved form which makes representations that the congregations and the Bishop are entitled to rely upon.

2. Scope

The scope of the audit shall be the minimum tests and checks required by generally accepted auditing standards to assure compliance with this guide and to assure the integrity and control of the assets of the Incorporated Eucharistic Community or Eucharistic Community.

3. Date of Audit

   a) The fiscal year of the Incorporated Eucharistic Community or Eucharistic Community should end on December 31st. The Annual Report of Stewardship and Financial Information of the Reporting Congregation in the Parochial Report is required by Canon to be submitted to the Diocese by March 1st. The audit need not be completed at the time the Annual Report is submitted, but it should be scheduled by that date and the firm or committee making the audit noted on the Report. The audit report should be for the year ended December 31st, to conform to the annual financial report to the Mission Leadership Team and the filed Parochial Report.

   b) The annual audit of an Incorporated Eucharistic Community or Eucharistic Community is to be submitted upon completion to the Mission Leadership Team for review. The minutes of the Mission Leadership Team meeting should state that the audit has been received and ordered to be filed with the Department of Audit. Filing is to occur by September 1st.

4. Documents Needed for the Audit
   a. Copy of the Audit Guide for the Episcopal Diocese of Springfield
   b. Copies of the yearend operating and discretionary fund bank account statements mailed direct to the auditor by the bank. This will need to be requested by the Treasurer or other signatory on the accounts.
   c. All bank monthly statements and monthly statement reconciliations
   d. All weekly deposit slips and signed counting sheets
   e. A detailed listing of all General Journal entries for the year - if computerized
   f. A detailed listing of all entries to the operating bank account - if computerized
g. A listing of monthly deposits to the operating bank account to support the deposit totals indicated in the financial statement - if computerized

h. All Mission Leadership Team minutes for the year

i. Copy of the Annual Meeting Minutes for the year being audited

j. All invoices and backing for disbursements for the year

k. A copy of the yearend Financial Statements – Balance Sheet and Income Statement

l. Backing indicating the calculation of the Diocese Assessment

m. Copies of the monthly/quarterly investment account statements.

n. Payroll file and all wage forms

o. Real estate Deed or mortgage

p. Insurance file including all premium notices and all policy coverage

q. All documentation for disbursements from the discretionary fund

r. Detailed listing of pledges for the year

Audit Steps

1. Internal Control – Some of the following items will involve conversation with the Treasurer and the church office staff.

   During the course of examination, the Auditor should review internal control procedures as follows:

   a) Have monthly reports to the Mission Leadership Team been prepared and submitted? Ask to review the folder and verify the filings monthly.

   b) Are bank accounts reconciled monthly? If there is minimal activity on the account this may be done semi-monthly or quarterly.

   c) Are signatures required on checks and on withdrawals from savings accounts, transfers of stock and other securities properly authorized by the Mission Leadership Team? (Note: To avoid any appearance of impropriety, clergy should NOT be signatories on any accounts except Discretionary Funds.) Verify who the signatories are on the bank accounts with the treasurer and also with the bank.

   d) Do two or more persons count the weekly collection? This can be verified by reviewing the weekly deposits and the count sheet signatures.

   e) Are the Treasurer and bookkeeper excluded from counting? This can be confirmed by reviewing the weekly bank deposits and the signatures on the count sheets.

   f) Are all receipts deposited intact? This can be confirmed by reviewing the weekly bank deposits.

   g) Does someone other than the Treasurer maintain the Pledge records? This can be confirmed by obtaining a copy of the original pledge solicitation and determine who the pledge cards are to be sent to.

   h) Are Pledge statements sent periodically, i.e., at least quarterly? This can be confirmed by mail expense and through personal experience.
i) Are proper double entry accounting records maintained? This can be confirmed by reviewing the general ledger and or computerized listing of journal entries.

j) Are other recommended bookkeeping forms used, such as stock and security records, property and insurance records? This is not applicable to all Incorporated Eucharistic Communities or Eucharistic Communities but needs to be confirmed where applicable.

k) Are payroll records maintained, proper taxes withheld and documents submitted to proper authority? This can be confirmed by reviewing the payroll file and will also be addressed in audit program step #7.

l) Is a separate accounting made of gifts for designated purposes? Are they acknowledged to the donor? This can be confirmed by reviewing journal entries or bank deposits debited to restricted accounts.

m) Does someone other than the Treasurer receive and open all mail? This may not be possible in some Incorporated Eucharistic Community or Eucharistic Community operations. If the Treasurer opens the mail then a compensating control should be considered.

n) Does someone other than the Treasurer record the checks received in the mail? This may not be possible in some Incorporated Eucharistic Community or Eucharistic operations. If the Treasurer opens the mail then a compensating control should be considered.

o) Are two persons required for access to the Safety Deposit Box? Some Incorporated Eucharistic Communities or Eucharistic Communities may not have a safety deposit box and this step is not necessary.

p) Are permanent trust, endowment or capital funds properly recorded, and income disbursed for the purposes designated? This may be confirmed with the treasurer and depending on the nature of the funds involved may be confirmed with the financial.

If you have answered “No” to more than three questions, contact the Diocese Department of Audit for guidance.

2. Bank Accounts

   a) The Auditor should ascertain the number of bank accounts maintained and the purpose for which each is maintained. Receipts and disbursements in all checking and savings accounts covering the disposition of Church funds are to be incorporated into the statement of receipts and disbursements, either in the Report of “Treasurer’s Funds” in the “Report of Other Eucharistic Community Funds” in the Parochial Report.

   b) Guilds and organizations of the church (Altar Guild, youth group, nursery, preschool or day school) shall submit at least an annual financial report to the Mission Leadership Team.
3. Bank Reconciliation

Select three months at random and perform the following:

The back of your bank’s statement will usually have a checking reconciliation form. Use this form to reconcile your checking account. The form may vary, but usually includes the following steps:

A. Write the ending balance shown on your bank statement.

B. Add the total amount of deposits made that were after the ending date of the bank statement (outstanding), and therefore do not appear on the statement. The reconciliation form usually has a place where you can list and total these deposits.

C. Subtract the total of any checks still outstanding (checks that you have written that do not show up on your bank statement). The reconciliation form should have a place where you can list and total all outstanding checks.

D. Add bank fees if the bank statement includes fees charged to the account.

This amount should then equal the amount listed in your bank balance in your financial statement for that period. If not, you will need to check each of your transactions and also possibly need to check your math.

In summary:

Bank Account Statement Ending Balance
+ Deposits Outstanding
- Checks Outstanding
+ Bank Fees
= Financial Statement account balance

Bank reconciliations should be performed monthly and retained with the bank account statement. A bank account reconciliation at year end is particularly important as the yearend balance is transferred in your financial statement to the next year as the beginning balance.

4. Auditor Bank Statement(s)

The auditor is to request copies of all yearend operating and discretionary fund bank statement(s) be sent directly to him or obtain the statements from the treasurer in the sealed envelope from the bank. Use the statements and bank reconciliation (if not done it is to be completed by the auditor) to verify the year-end book balance. It is recommended that the auditor complete an independent account reconciliation, but may not be needed if there is minimal bank account activity.
5. Cash Receipts
   a) Reconcile pledge income for year as recorded on individual pledge records to the total
      reported pledges on the financial statements.
   b) Total the cash receipts (bank deposits) for the year and verify total deposited for year on the
      financial statements. Reconcile any discrepancy. It is helpful to do this monthly and verify
      the bank deposit slip total to the monthly bank deposit listing.
   c) Check total receipts as recorded for year to receipts reflected on financial statements
      furnished to Mission Leadership Team.
   d) Verify investment and other income received. In this connection, in case of endowments or
      special bequests, the original terms of the bequest should be reviewed. Care should be
      taken to determine that the expenditures were made in accordance with the terms of the
      bequest and that the accounting for these expenditures is reflected as a net account
      balance or as an expense entry to the financial statement.
   e) Select three months at random and check deposits made to bank accounts as recorded by
      individuals making cash count each Sunday. Deposits should be made within forty-eight
      hours or receipt. Unusual delay in making deposits should be investigated.
      1. Compare the deposit slips to the accounting records and to the bank statements
         verifying the amounts, categories of receipts, and dates.
      2. Compare the deposit slips with the day book or adding machine tapes or any other daily
         tally sheets used to add up the day’s receipts.
      3. Compare the day book or any other daily tally sheets to the pledger’s contribution
         records, correspondence, etc.
      4. Examine all correspondence pertaining to contributions and other receipts.
      5. Check the mathematics on the deposit slips, day book or tally sheets, and pledger’s
         records.
6. Cash Disbursements
   a) Verify total disbursements (by adding up all of the checks issued on the monthly bank
      statements for the year) and compare the total to what is recorded in the financial records.
   b) Check total of disbursements to financial statements furnished to Mission Leadership Team.
   c) Verify totals of major disbursement items, i.e., salaries, utilities, maintenance, etc. to budget
      and account and reconcile any significant overspending.
   d) Check mortgage or contract payments and verify yearend balance due with the lending
      agency.
e) At random, select three months of the disbursements for the year and substantiate by examination of invoices for such expenditures by performing the following:

1. Examine the invoices with monthly vendor’s statements (no statement should be paid without supporting invoices).

2. Examine the invoices for verification of receiving the merchandise or services by the receiver’s signature on invoices.

3. Examine the invoices and monthly vendor’s statements for the payment and approval signature of the persons in charge of approving payments.

4. Check the invoices for dates and buyer’s name and address.

5. Check the mathematics on the invoices and vendors’ monthly statements.

f) Examine payroll records for possibility of fictitious employees being listed or wrong amount being used.

7. Payroll

The Auditor should confirm the following:

a) FICA withholding and payment is required for any lay employee. In most cases this includes organists, sextons, baby sitters, etc.

b) All lay employees are subject to income tax withholding.

c) Clergy are considered self-employed for social security purposes. Clergy are not required to have federal and state income taxes withheld.

d) Individual’s Earnings Record:

1. Examine for name, address, social security number, and number of exemptions.

2. Compare earnings recorded with Cash Disbursements Book.

3. Examine and compare to earnings record all of the payroll tax and information forms furnished to the Government. These are:

   **Federal**
   1. Form 941 Quarterly Return of Income Tax Withheld and Social Security (FICA) taxes
   2. Form W2 Annual Wage and Tax Statement
   3. Form 1099 (if used) Statement of Miscellaneous Income
   4. Form W3 Transmittal of Income and Tax Statement

   **State**
   1. Quarterly Return of Income Tax withheld, Form IL-941
8. Investments

   a) Records:
      1. Examine all transactions for verification of acquisitions and dispositions.
      2. Trace purchases to the cash disbursements.
      3. Trace sales to the cash receipts.
      4. Examine broker’s advice and compare with the brokerage statements

   b) Securities:
      1. Examine all securities as to ownership, certificate number, date, number of shares of stock, par value of bonds, endorsements, assignments, etc.

   c) Current Market Value:
      1. Review year-end brokerage statement and compare with the accounting records.

9. Real Estate

   a) Deeds:
      1. Examine deeds to all real estate owned verifying ownership, easements, tax stamps, public record of ownership.

   b) Bond and Mortgage:
      1. Verify by direct confirmation with the mortgage holder.

10. Other Information

   a) The amount of endowment and invested funds should be ascertained and verified by the Auditor.

   b) Indebtedness of the Incorporated Eucharistic Community or Eucharistic Community should be ascertained and verified by the Auditor and all indebtedness items listed.

11. Accounting Records – Journal Entries

   a) Review the all the journal entries for anything out of the ordinary. If the ledger is computerized, request a complete listing of journal entries for the year for this review. If the ledger is done manually, then review all correcting entries for the year.
12. Insurance

The Auditor should review all property insurance on the buildings and equipment and comment on the adequacy of coverage. All other insurance coverage should be reviewed for adequacy, such as:

- General Liability (Bodily Injury, Personal Injury and Property Damage)
- Workers Compensation
- Treasurer’s Bond
- Burglary
- Fine Arts
- Automobile coverage on cars owned by the Church, plus non-ownership Liability Insurance on account of cars owned by others and used on Church business.
- Malpractice and Officers’ and Directors’ Liability.

13. Property Tax Exemption

The Property Tax Exemption needs to be protected. Check the use of church property by outside organizations to verify compliance with the law. Use must be limited to those agencies who are also tax exempt, and whose purpose is directly related to the purpose of the Church.

14. Discretionary Fund

a) Checks should be drawn payable to the name of the church designated (Rector’s, Vicar’s, or etc.). Discretionary Fund should not be in a person’s name to avoid it being considered personal income.

b) Honoraria received by the clergy from baptisms, marriages, burials, etc., may at the discretion of the clergy, be designated for the discretionary fund. Donors are encouraged to make checks payable to the name of the fund. Otherwise these funds are considered gifts and personal income to the individual.

c) Clergy should account for discretionary funds annually to the Mission Leadership Team noting broad categories of use that do not violate confidences.

d) Discretionary Funds must be audited annually and a report of examination filed with the Department of Audit. To protect the confidentiality of information, discretionary funds may be audited by another member of the clergy or the senior warden.

15. Minutes Book

The Auditor should review and examine the Incorporated Eucharistic Community or Eucharistic Community Minute Book for proper authorization of financial transactions made during the period audited.
16. Audit Workpaper Retention

All notes, documents, and adding machine tapes generated as part of the audit are to be retained by year in the Incorporated Eucharistic Community or Eucharistic Community office and secured. This file is also to contain copies of what was submitted to the Mission Leadership Team and the Diocese.

17. Auditor Report

Once the audit has been completed, the report should be given to the Mission Leadership Team with the management letter noting concerns and recommendations, if any. The audit is a matter for discussion by the Mission Leadership Team at a regular meeting and the fact that it has been received and discussed should be entered in the minute book.

The congregation should be notified that the audit has been completed to give them assurance that the church is carrying on its affairs in a business-like manner.

Within 30 days of completion, but not later than September 1st of each year, the audit report including the Auditors Certification along with financial statements should be filed with the Department of Audit.
Sample Management Letter to the Mission Leadership Team

To: Xxxxxxxxx’s Mission Leadership Team

From: Audit Committee
       Chris Xxxxx
       Brad Yyyyyy
       Joe Zzzzzzz

Re: 2016 Internal Audit

Date: July 18, 2017

Attached are the documents completed as a result of the 2016 Internal Audit. Once approved, they are to be submitted to the Diocese of Springfield by the September 1, 2017.

The audit confirms that the attached 2016 Financial Statements reasonably reflect XXXXXXX finances at the end of 2016.

Our Audit Program Narrative is also included. There are no findings and only one recommendation related to use of the discretionary fund. It is recommended that the use of the discretionary account to be for non church operating expenses.

We commend the work of the Treasurer, xxxxxxxx, and appreciate his assistance in the audit process.

Please contact Joe Zzzzzzzzz if you have any questions.
Auditor’s Certification

We have examined the Financial Statements of ________________________________ as of December 31, 20_____ and the related Report of Treasurer’s Funds prepared on the Cash basis for the year then ended. Our examination was made in accordance with the Audit Guide as promulgated by the Department of Audit of the Diocese of Springfield and accordingly included the audit procedures as prescribed in the guide.

In our opinion, the accompanying Financial Statements and the Report of Treasurer’s Funds present fairly the financial position of ________________________________ and the results of its operations for the year ended on a basis consistent with that of the preceding year.

(Note exceptions, if any)

Signed

_________________________________________ Date __/__/___

_________________________________________ Date __/__/___

_________________________________________ Date __/__/___

NOTE: The certificate accompanying the audit shall take either the form of a standard Auditing Certificate, if audit is conducted by a Certified Public Accountant or Public Accountant, or as above, if audit is made by the committee as approved by the Department of Audit.
Audit Program Narrative

(Incorporated Eucharistic Community/Eucharistic Community)

Date __/__/___

(At the conclusion of the audit the following document is to be completed and attached to the Auditor’s Certification.)

A. Internal Controls – List any “No” response and the action plan to correct it.

B. Bank Accounts – List and label all Bank Accounts and Year-end Balances

C. Bank Reconciliation – Identify if all bank accounts have been reconciled as of the end of the period and if not why and action plans to resolve.

D. Bank Statements – Verify that year end bank statements, for all bank accounts, have been sent direct to the auditor by the bank in a sealed envelope.

E. Cash Receipts - Verify that all audit steps have been completed. If there are any issues, list the action plans to resolve them.

F. Cash Disbursements – Verify that all audit steps have been completed and if there are any issues the action plans to resolve them.

G. Payroll – Identify any issues and how they were resolved.

H. Investments – Verify that all audit steps have been followed and if there were any issues identified. If there were issues how were they reconciled or the action plan to resolve.

I. Real Estate – Verify that all audit steps have been done and if any findings how they were resolved or the action plan to resolve.

J. Other Information - Verify that all audit steps have been done and if any findings how they were resolved or the action plan to resolve.

K. Accounting Records - Verify that all audit steps have been done and if any findings how they were resolved or the action plan to resolve.

L. Insurance – Verify that all appropriate insurance coverages are in place.

M. Property Tax Exemption – Verify that the property tax exemption is protected.

N. Discretionary Fund – Verify that all audit steps have bee completed and any issues discovered and the action plan to resolve.

O. Minutes Book – Verify that the minutes are retained as appropriate.
## BALANCE SHEET
December 31, XXXX

### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in checking</td>
<td>$1,863.59</td>
</tr>
<tr>
<td>Cash in savings</td>
<td>3,641.68</td>
</tr>
<tr>
<td>Church and contents</td>
<td>383,200.00</td>
</tr>
<tr>
<td>Vicarage and contents</td>
<td>120,223.00</td>
</tr>
<tr>
<td>House</td>
<td>36,841.80</td>
</tr>
</tbody>
</table>

**Total Assets** $545,770.07

### LIABILITIES AND FUND BALANCE

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent deposit</td>
<td>$200.00</td>
</tr>
<tr>
<td>Memorials payable</td>
<td>188.70</td>
</tr>
<tr>
<td>Notes payable</td>
<td>12,350.00</td>
</tr>
</tbody>
</table>

**Fund balance, January 1, 2016** $533,068.58

**Excess of receipts over (under) Disbursements current year** (37.21) $533,031.37

**Total Liabilities and Fund Balance** $545,770.07
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
For the Year Ended December 31, XXXX

Receipts

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Purposes</td>
<td></td>
</tr>
<tr>
<td>Plate offerings</td>
<td>$3,780.25</td>
</tr>
<tr>
<td>Pledge payments</td>
<td>11,877.00</td>
</tr>
<tr>
<td>Mission organizations</td>
<td>747.25</td>
</tr>
<tr>
<td>Diocese</td>
<td>13,750.00</td>
</tr>
<tr>
<td>Rent income</td>
<td>900.00</td>
</tr>
<tr>
<td>Interest income</td>
<td>233.75</td>
</tr>
<tr>
<td>Other</td>
<td>958.54</td>
</tr>
<tr>
<td>Special Purposes</td>
<td></td>
</tr>
<tr>
<td>Special offerings</td>
<td>1,187.72</td>
</tr>
<tr>
<td>St. Mary’s</td>
<td>4,330.57</td>
</tr>
<tr>
<td>Total Receipts</td>
<td>$37,765.08</td>
</tr>
</tbody>
</table>

Disbursements

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Church Program</td>
<td></td>
</tr>
<tr>
<td>Diocesan pledge</td>
<td>2,120.00</td>
</tr>
<tr>
<td>Transmittal of special offerings</td>
<td>1,292.85</td>
</tr>
<tr>
<td>Incorporated Eucharistic Community or Eucharistic Community Purposes</td>
<td></td>
</tr>
<tr>
<td>Clergy</td>
<td>12,286.34</td>
</tr>
<tr>
<td>Sexton</td>
<td>36.35</td>
</tr>
<tr>
<td>Organist</td>
<td>1,285.00</td>
</tr>
<tr>
<td>Nursery</td>
<td>80.00</td>
</tr>
<tr>
<td>Christian education</td>
<td>236.87</td>
</tr>
<tr>
<td>Pension premium</td>
<td>4,407.00</td>
</tr>
<tr>
<td>Other insurance premiums</td>
<td>4,709.00</td>
</tr>
<tr>
<td>Utilities4,627.24</td>
<td></td>
</tr>
<tr>
<td>Office expenses</td>
<td>396.56</td>
</tr>
<tr>
<td>Travel</td>
<td>48.71</td>
</tr>
<tr>
<td>Telephone</td>
<td>452.72</td>
</tr>
<tr>
<td>Altar supplies</td>
<td>853.80</td>
</tr>
<tr>
<td>Music and choir</td>
<td>12.75</td>
</tr>
<tr>
<td>Bulletins and printing</td>
<td>211.82</td>
</tr>
<tr>
<td>Repairs</td>
<td>1,354.10</td>
</tr>
<tr>
<td>Property taxes</td>
<td>606.74</td>
</tr>
<tr>
<td>Interest</td>
<td></td>
</tr>
<tr>
<td>IEC or EC hall expense</td>
<td>1,915.77</td>
</tr>
<tr>
<td>Other expenses</td>
<td>412.67</td>
</tr>
<tr>
<td>Total Disbursements</td>
<td>37,802.29</td>
</tr>
</tbody>
</table>

Excess of Receipts Over (Under) Disbursements  
($ 37.21)
1. **Basis of Accounting:**

   The accompanying financial statements were prepared on the basis of cash receipts and disbursements, which recognizes revenue when received and expenses when disbursed. Also, assets and liabilities are recognized only upon the receipt or payment of cash.

2. **Fixed Assets:**

   The church and contents and vicarage and contents are shown on the balance sheet at insured values which are not in accordance with generally accepted accounting principles. The house was purchased in 1991 and is shown at cost.

3. **Notes Payable:**

   The notes payable are owed to the Diocese of Springfield, Illinois, and are paid at the rate of $250.00 per month. Interest is paid annually at the rate of 3%.