

ARCHDIOCESE OF CHICAGO

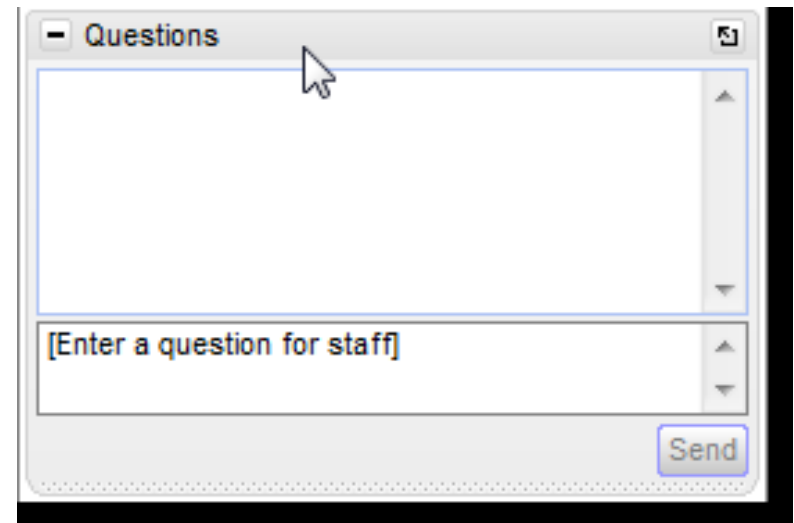
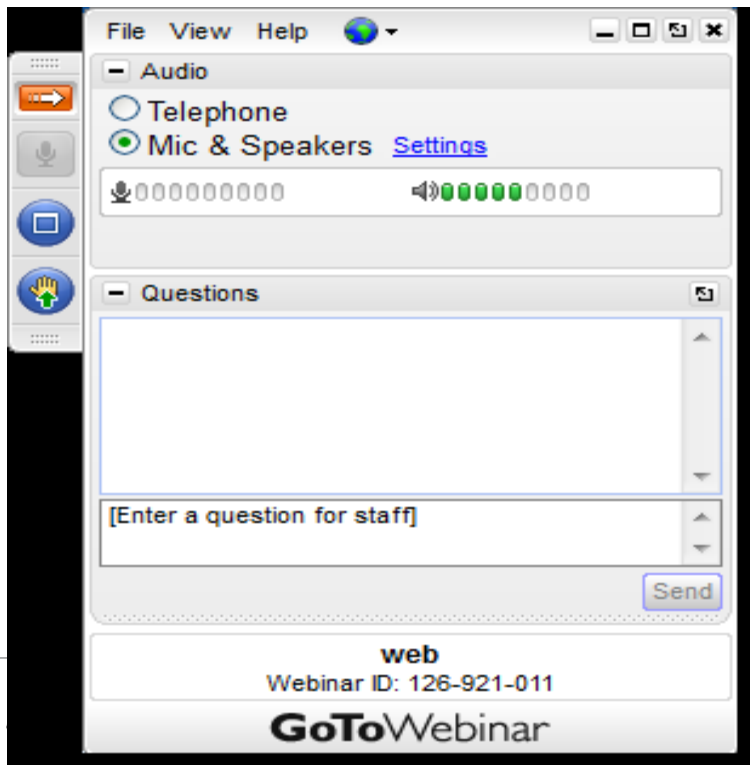


FY18 Annual Report Webinar

July 19, 2018

?????? Questions during Webinar ????????

If you have any questions during the webinar, you can enter your questions into the Questions pane for the organizer or panelists to answer. Type your question into the Questions pane and click **Send**. The organizer will answer the question or direct it to a resource that will contact you after the webinar.



FY18 Annual Report Webinar Agenda

- FY18 Annual Report Highlights & Changes
- Exceptions Report Review & New Updates
- Review of Levels & Types of Reports in Reporting Menu
- Demonstration of Preparation & Submission of Annual Report
- Pastor Representation Letter Overview
- Team Support for Annual Report Ticketing/Tracking
- Q&A



Annual Report Highlights & Changes

- Annual Report is due August 31st!
- The “Submit Annual Report 2017-2018” button was deployed to the reporting menu icon on Monday July 9th on the hosted desktop.
- There will continue to be a one button report generation & submission for all schedules this year.
- The Functional Statement of Activities Report (Summary Level) & Statement of Financial Position vs. Prior Year Report (Summary Level) will be the two reports that will be submitted to the Archdiocese of Chicago for the FY18 Annual Report requirement by parishes/schools.
- You will want to save a final copy either in your I drive or locally after submission. The Review Submitted Reports will be removed when the next report submission becomes available.
- The submission process continues to remain the same as last year, there have been some updates to the exception report that we will discuss later in the presentation.



Annual Report Highlights & Changes

- The Annual Report will continue to be submitted on a modified accrual basis.
- If you have exceptions that you have not cleared before submission the exception report will generate and be submitted to the AOC as part of the annual report submission package.
- NT Investment statements should be available early next week. An email alert will be sent to the email address on file.
- Pledge Receivable information (if applicable) will continue to be collected using the hosted environment and listed on the Notes Page.
- Additional materials available on Parish Operations webpage.
- Pastor Representation Letter has been updated and available for download on our website. This will be the only item that will be submitted manually which will be sent to parishoperations@archchicago.org through email, or faxed or mailed to Parish Finance & Administration.
- Each parish annual report submitted will receive a ticket through Team Support.
- Submission of Bulletin which contains the FY18 published financials statements will again be required to be submitted to the AOC. Information regarding due dates and procedures on where to send will be sent to parishes in October.



Annual Report Review – Set Closing Date & No Changes to Prior Year Financials

- It is critical that once you have submitted all required reports to the AOC for the annual report that you set a closing date of 06/30/18 in QuickBooks.
- The Admin on the file will set the closing date and password. This gives you an alert if you are trying to make changes to a closed accounting period.
- In QuickBooks go to the Company dropdown list, Set Closing Date & Password enter date of period to close 06/30/18 and a password of your choice.
- Once the report has been submitted to the Archdiocese and it has been reviewed and approved there are no valid reasons to go back and make prior year changes in your QuickBooks file!
- We found last year more than half of locations made changes after submitting the reports to the Archdiocese.
- When prior year changes are made all your report figures change and no longer reconcile from the ones you originally submitted. You have the possibility of changing beginning and ending balances and can start the next fiscal year off incorrectly.
- Repeat: It is crucial that once you have closed an accounting period and submitted financials that **NO CHANGES ARE MADE TO THE PRIOR YEAR!!!**
- There are few cases when a prior year amount needs to be changed. If you think you change is needed please contact parishoperations@archchicago.org and we can advise you on the best way to account for that so no reporting figures are changed.



Exceptions Report Review

- It is important that you run the exception report and clear all exceptions before submission of the annual report. If you do not your report will receive an Incomplete ticket and your report will be sent back and you will have to re-submit once all exceptions have been cleared.
- If exceptions are not fixed you can see them clearly defined on the Functional Statement of Activities under the Unclassified Column of the report and on the Statement of Financial Position report it shows a line item called Unauthorized Assets or Unauthorized Liabilities if you have any incorrectly defined accounts and amounts for Balance Sheet accounts.
- Exception Report button which populates the following sections - Incorrectly Defined Accounts, Incorrectly Defined Class Codes & Incorrectly Entered Transactions.
- The Chart of Account Analysis Report button on the menu looks at your QuickBooks file chart of accounts and matches it against the AOC standard chart of account list.
 - Accounts mapped directly to the standard chart of accounts are shown in plain text.
 - Accounts that mapped via parent accounts to the standard chart of accounts are shown in blue text.
 - Accounts that could not be mapped to the standard chart of accounts are shown in red text.



New Exceptions Added

- There have been some new exceptions added to the report as “hard” exceptions this year.
- These accounts and class codes combinations that are now being flagged have always been the standard they were just not listed as “hard” exceptions in prior years because the AOC would manually fix them during our consolidation process.
- That is no longer an option and parishes must use the correct class codes with these accounts locally.
- Please review the Chart of Account Matrix on the Parish Operations website to see what accounts and class code combinations are allowed for all AOC standard chart of accounts.



New Exceptions Added

- Account 3350 Lease & Rental Income and all subaccounts (3351 – 3354) must use class code 43 or 40 (Lease & Rental/Other Activity – Church) or class code 75 (Other Activity - School). Using any other class code will trigger an exception that is noted Invalid Account/Class Code combination.
- Account 3550 Bingo Income and all subaccounts (3551 – 3355) must use class code 42 or 40 (Bingo/Other Activity – Church) or class code 75 (Other Activity - School). Also the Bingo Expense accounts 4550 Bingo Expense and all subaccounts (4551 – 4559) will also use the same class codes noted above for Bingo Income. Using any other class code will trigger an exception that is noted Invalid Account/Class Code combination.
- Account 4750 Archdiocesan Assessment and sub-accounts (4751-4752) can only be used with class code 10 or 40 or any subclass of the parent class.
- Account 4760 PRMAA Assessment can only be used with class code 10 any subclass of the parent class.
- Account 4770 OCS Assessment can only be used with class code 50, 60, 70, 75 or 80 or any subclass of the parent class.



Common Exceptions for Parishes

- Last year we worked with all parishes to clear all exceptions from every single annual report submitted. We need to do the same this year!
- We will be reaching out to parishes using Team Support to let you know if you have exceptions and need help fixing them at the beginning of August.
- Common exceptions we saw last year in parish QuickBooks files:
 - 1.) 66900 – Reconciliation Discrepancies: QB created account that will appear if a parish clicks the “Reconcile Now” button before the cleared balance is at \$0. To Fix: Edit account 66900 on your COA list by highlighting the account, right click, and in the account number field make the number the next available sub-account of Misc. Expense (ex: 4812). Save & Close.
 - 2.) 66000 – Payroll Expenses or 49900 Uncategorized Expense: also QB created accounts. To Fix: Edit account 66000 or 49900 on your COA list by highlighting the account, right click, and in the account number field make the number the next available sub-account of Misc. Expense (ex: 4813). Save & Close.
 - 3.) Unclassified Income or Expense Transactions: This is very common because we are bound to leave off at least one class code or several on transactions throughout the year. To run unclassified reports in QB go to Reports dropdown list Company & Financial, Profit & Loss Unclassified Report.
 - 4.) Using a Church Account with a School Class Code or vice versa: please refer to class code matrix report on website to see which account/class code combos are valid.



Exception Report Review

- Exceptions reports should always be run before any reporting periods and all exceptions should be cleared before submitting reports to the AOC.
- After running the exception report you need to go back into the QuickBooks file and fix all exceptions listed on the report one by one.
- Once they have all been cleared, close out of the QuickBooks company file completely and run the “Refresh report Data from QuickBooks” button under the Utility section of the Reporting Menu. Then re-run the exception report to validate all exceptions have been cleared properly.
- If parishes continue to submit the reports with exceptions they will receive an incomplete ticket through Team support and will be required to resubmit



Other Account Changes to Review in Parish QuickBooks Files

- Several sub-accounts under 2100 Liabilities & 2200 Other Payroll Withholdings were inactivated many years ago. The Archdiocese noticed many parishes still have these accounts activated in their files and some parishes continue to even use these accounts which we don't recommend!
- These accounts can't be flagged as "hard" exceptions since they were once valid and other sub-accounts within the ranges are valid for the current year.
- We will be using Team Support to issue tickets to parishes to remind them to inactivate these invalid accounts. More detail to follow in the tickets assigned to your parish if applicable.
- The parishes that continue to use these accounts will also be issued tickets and asked to refrain from using them going forward and inactivate them in their QB files.
- These accounts were inactivated many years ago because have alternative procedures instead of setting up liabilities we once had to use. Ex: we sweep many of these payroll liabilities directly and no longer need to establish liabilities for these amounts they should be debited directly from your local parish checking account.
- You can use the Chart of Accounts Analysis Report to see if your current QB file has these accounts listed as active. Listed with an "X" in last column if account is active.
- Please review the Chart of Accounts List and Chart of Account Matrix on the Parish Operations website to see what accounts and class codes are currently available for use.



Features of the Reporting Icon

- The new reporting menu was deployed to all Right Networks users desktops last July. The icon on the hosted desktop, Archdiocese of Chicago Reports, remained the same but the reporting menu was updated with new and updated reports that reflected more of not-for-profit style of financial reporting.
- Three levels of reports – Summary, Mid-Level & Detail Level.
- Five types of reports – Statement of Activities vs. Prior Year, Statement of Activities vs. Budget, Budget by Month, Functional Statement of Activities (Class Code), Statement of Financial Position vs. Prior Year.
- More report options available with the new reporting feature but similar features of past reports.
- Statement of Financial Position vs. Prior Year (Balance Sheet) was made available in the new reporting menu for the first time!



Reports Review – Levels & Types

- Statement of Activities vs. Prior Year and Statement of Activities vs. Budget – standard profit & loss/income statement vs. Prior Year and also vs. Budget
- Budget by Month – Budget entered in QuickBooks broken out by month
- Functional Statement of Activities – standard profit & loss/income statement by class code
- Statement of Financial Position vs. Prior Year – standard balance sheet vs. prior year numbers. Change in Net Assets (not-for-profit) is the same as Net Income (for-profit) on the balance sheet.
- The three levels of reports presents the information by the three levels of standard chart of accounts the AOC has.
 - Summary Level: shows the roll-up of all 1st Level parent accounts from our standard COA list
 - Mid-Level: shows two levels of accounts from our standard COA list
 - Detail: shows three levels of accounts from our standard COA list



Reports Review – Levels & Types (cont.)

- If you add supplemental accounts to your standard COA list in QuickBooks and they are added properly as sub-accounts of a valid parent account they will not appear as stand alone accounts on the Reports but rolled up into the total of the parent account or under “Other” line item of the mid-level and detail report.
- You can view those accounts, totals and all detail when you drill down on any of the numbers on the reports.



FY18 Annual Report Agenda - Update

Step by Step Demonstration of the tools on Right Networks for the Annual Report

- Parish Operations Procedures, Forms & Materials
- Overview of Types & Levels of Individual Reports
- Review “Submit the 2017-2018” Report button
- Run Exception Report & Fix Exceptions
- Enter & Delete Notes
- Enter Pledge Receivables, if applicable
- Submission of ALL Annual Report Pages – one click
- Review of Report Submitted Button
- Saving a Copy of Submitted FY18 Annual Report



Last Steps- Review Reports & Submission of the Pastor Representation Letter

- Ensure ALL the schedules are reviewed, as appropriate, including, but not limited to the Pastor, Administrator, Principal and Finance Council.
- Finally, the Pastor Representation Letter addressed to Cardinal Cupich should be completed, signed by the appropriate Parish representatives and sent to the Parish Finance & Administration department.
- It can be emailed to parishoperations@archchicago.org, or faxed or mailed to the Archdiocese with Attn: Parish Finance & Administration.
- Please do not let the required signatures on the Representation Letter delay your Annual Report submissions. The signed letter can be sent at a later date, if necessary.
- This is the only document that needs to be sent to the Pastoral Center via mail, fax, or email.



Review of Resources Available on Website

- Additional materials/procedures available for review or download on the Parish Operations webpage at <http://parishops.archchicago.org> under Procedures, Forms and Materials/Annual Report - including:
 - FY18 Annual Report Letter to Parishes
 - FY18 Annual Report Schedule Summary
 - 2018 Annual Report Checklist
 - FY18 Annual Report Webinar slides
 - Pastor Representation Letter (PDF and Word copy)
 - FY18 Status Animarum Online Submission Instructions
 - Consolidated AOC Bill for Fiscal Year End Procedure
 - And more...



Consolidated Arch Bill Procedure

- New Consolidated AOC Bill Fiscal Year End procedure is available on the Parish Operations webpage for FY18 Annual Report season.
- The AOC Accounting Service Center has always used this procedure to consolidate the several outstanding AOC bills parishes may have in their QuickBooks files from the current year into one consolidated fiscal year end bill.
- The AOC billing department issues a consolidated fiscal year end bill with a final consolidated balance which is a great reason to use this procedure to establish one AOC bill vs. several AOC bills within your QuickBooks file.



Review of Team Support for Annual Report Process

- We continue to track all parish inquiries received through our department with a support tool called Team Support. The tool will track all parish requests including phone calls and emails.
- Parishes who have submitted the annual report with no exceptions will be issued a confirmation ticket.
- Any report submitted with exceptions or reports submitted with incorrect dates will be assigned an incomplete ticket and a response and resubmission will be required.
- Please send all questions and requests via email to parishoperations@archchicago.org so they can get logged, tracked, responded to and closed out.
- Always respond to the email you receive with the ticket information so it can get posted to original ticket and responded to.
- Refrain from sending your requests and questions to individual Parish Finance & Administration personnel.



Key Contacts for Support

- Right Networks/Cathonet: (888)417-4448 option #2 or support@rightnetworks.com
 - Technical issues within Right Networks
 - Problems with printing or connecting to the report server
- Parish Operations: parishoperations@archchicago.org
 - Submission or reporting questions on Right Networks
 - Accounting issues or questions regarding QuickBooks or Archdiocesan procedures.
 - Issues with exceptions or incorrect values on the Right Networks generated report.
 - Confirmation of previously submitted financial information.
 - Password re-set for Right Networks ID or to set-up or terminate user ID#'s.



ARCHDIOCESE OF CHICAGO



FY18 Annual Report

Thank you for joining us today!