

Category Number	100
Category Name	Cash Management
Procedure Number	1
Name of Procedure	Recording Gains & Losses for Arch Endowment and Special Investment Accounts
Section	1
Effective Date	4/1/2008
Supersedes	N/A
Responsibility	Controller
Applicability	POSC or Parish
Source Document	GAAP
Related Forms	Northern Trust Investment Reports; Chart of Accounts; Examples 1-8

I. Purpose:

Record endowment and special investment accounts properly to report the amounts of interest, dividends, accrued income, unrealized gains and losses, realized gains and losses and fees and expenses within the periodic and year-end financial statements. This will ensure the readers of the financial statements (e.g. Finance Council, parishioners, School Boards, etc.) are provided with sufficient information to evaluate the current financial position of the parish or school. This method of accounting for the endowment and special investment accounts is more closely in accordance with the accrual basis.

II. Definitions:

Endowment Account

Archdiocesan restricted investment account to provide for long term support of their respective parish ministries and/or Catholic education.

Special Investment Account.

Archdiocesan unrestricted investment account for long term excess operating funds containing a mix of equities and fixed income securities.

III. Policy:

Endowment and Special Investment balances and activity must be recorded in QuickBooks per the quarterly Northern Trust investment reports.

IV. Procedures:

1. Confirm the investment has been properly recorded in QuickBooks. This step should be completed for EACH investment. As described in the Chart of Accounts Guidelines, each type of investment has its own account number.

a. Ensure the Beginning Balance (A) on the Northern Trust investment reports (Examples 1–5) agrees with the amount per the general ledger for EACH investment.

b. The Northern Trust investment reports numbers map to the QuickBooks balance sheet account numbers as follows:

Northern Trust 200 = QuickBooks 1401 Parish Endowment
Northern Trust 300 = QuickBooks 1430 Balanced Fund
Northern Trust 400 = QuickBooks 1420 Growth Fund
Northern Trust 500 = QuickBooks 1440 Income Fund
Northern Trust 600 = QuickBooks 1410 Education Endowment

c. The investment gain or (loss) per the Northern Trust investment reports numbers map to the QuickBooks income statement account numbers as follows:

Northern Trust 200 = QuickBooks 3504 = See Example 7A
Northern Trust 300 = QuickBooks 3505 = See Example 8A
Northern Trust 400 = QuickBooks 3505 = See Example 8B
Northern Trust 500 = QuickBooks 3505 = See Example 8C
Northern Trust 600 = QuickBooks 3504 = See Example 7B

d. If the Beginning Balance (A) on a Northern Trust investment report does not agree with the amount per the general ledger, a correcting journal entry must be made in QuickBooks.

e. See Example 6 for an illustration of a correcting journal entry using Example 1.

2. Record total investment change for the quarter (B).

a. See Examples 7-8 for illustrations of these journal entries.

3. Ensure the Ending Balance (C) on the Northern Trust investment reports agrees with the amount per the general ledger for EACH investment.

V. References and Related Policy:

- Updated Chart of Accounts
- Examples 1-8

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01 OCT 07 - 31 DEC 07 Combined Schedule

CATHOLIC BISHOP

Equity and Fixed Consolidated

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◆ Consolidated Plan Schedule - Market

EXAMPLE 1

	200	Parish Name & Number	at Market
BEGINNING ASSETS			
BEGINNING BALANCE		131,380.75	(A)
EARNINGS			
Interest		612.46	
Dividends		164.17	
Net change accrued income		118.03	
Unrealized Gain/Loss Change		(1,995.89)	
Realized gain/loss		2,043.08	
Fees and Expenses		(145.06)	
Total Investment Change		<u>796.79</u>	(B)
MISCELLANEOUS			
Miscellaneous		0.00	
Total Miscellaneous		<u>0.00</u>	
ENDING BALANCE		132,177.54	(C)
ENDING PERCENT		.0139143102695	

◆ Consolidated Plan Schedule - Market

EXAMPLE 2

300 Parish Name & Number at Market

BEGINNING ASSETS	
BEGINNING BALANCE	18,967.56 (A)
EARNINGS	
Interest	171.40
Dividends	15.97
Net change accrued income	10.97
Unrealized Gain/Loss Change	(129.56)
Realized gain/loss	267.43
Fees and Expenses	(19.95)
Total Investment Change	316.26 (B)
MISCELLANEOUS	
Miscellaneous	0.00
Total Miscellaneous	0.00
ENDING BALANCE	19,283.82 (C)
ENDING PERCENT	.0020300049059

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EXAMPLE 3

	400	Parish Name & Number	at Market
BEGINNING ASSETS			
BEGINNING BALANCE	68,574.34		(A)
EARNINGS			
Interest	363.90		
Dividends	81.57		
Net change accrued income	58.38		
Unrealized Gain/Loss Change	(957.23)		
Realized gain/loss	1,051.72		
Fees and Expenses	(75.17)		
Total Investment Change	<u>523.17</u>		(B)
MISCELLANEOUS			
Miscellaneous	0.00		
Total Miscellaneous	<u>0.00</u>		
ENDING BALANCE	69,097.51		(C)
ENDING PERCENT	.0072738847537		

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EXAMPLE 4

	500 Parish Name & Number	at Market
BEGINNING ASSETS		
BEGINNING BALANCE	59,115.39	(A)
EARNINGS		
Interest	721.42	
Dividends	32.36	
Net change accrued income	20.56	
Unrealized Gain/Loss Change	(45.95)	
Realized gain/loss	771.33	
Fees and Expenses	(59.99)	
Total Investment Change	<u>1,439.73</u>	(B)
MISCELLANEOUS		
Miscellaneous	0.00	
Total Miscellaneous	<u>0.00</u>	
ENDING BALANCE	60,555.12	(C)
ENDING PERCENT	.00637462861	

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EXAMPLE 5

600 Parish Name & Number at Market

BEGINNING ASSETS	
BEGINNING BALANCE	155,119.16 (A)
EARNINGS	
Interest	723.15
Dividends	193.83
Net change accrued income	139.34
Unrealized Gain/Loss Change	(2,356.47)
Realized gain/loss	2,412.23
Fees and Expenses	(171.25)
Total Investment Change	940.83 (B)
MISCELLANEOUS	
Miscellaneous	0.00
Total Miscellaneous	0.00
ENDING BALANCE	156,059.99 (C)
ENDING PERCENT	.0164284122818

EXAMPLE 6

**ARCHDIOCESE OF CHICAGO
POLICIES AND PROCEDURES
ATTACHMENT TO PROCEDURE FOR RECORDING ARCH ENDOWMENT &
SPECIAL INVESTMENT ACCOUNTS GAINS & LOSSES**

Example Journal Entry for Correcting Endowment Account Beginning Balance

Assumption General Ledger Balance of Endowment Account is \$122,177.54

Account Number	Account Description	Debit	Credit
1401	Parish Endowment Fund	\$10,000.00	
3504	Investment Gains & Losses-Arch Endowment Accts		\$10,000.00

EXAMPLE 7

ARCHDIOCESE OF CHICAGO
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 SPECIAL INVESTMENT ACCOUNTS GAINS & LOSSES

Example Journal Entry for Recording Endowment Investment Gains & Losses

Account Number	Account Description	Debit	Credit
1401	Parish Endowment Fund	\$796.79	
3504	Investment Gains & Losses-Arch Endowment Accts		\$796.79
1410	Parish Education Endowment Fund	\$940.83	
3504	Investment Gains & Losses-Arch Endowment Accts		\$940.83

EXAMPLE 7A

EXAMPLE 7B

**ARCHDIOCESE OF CHICAGO
POLICIES AND PROCEDURES
ATTACHMENT TO PROCEDURE FOR RECORDING ARCH ENDOWMENT &
SPECIAL INVESTMENT ACCOUNTS GAINS & LOSSES**

Example Journal Entry for Recording Special Investment Gains & Losses

Account Number	Account Description	Debit	Credit
1430	Balanced Mutual Fund	\$316.26	
3505	Investment Gains & Losses-Arch Spec Investments Accts		\$316.26
1420	Growth Mutual Fund	\$523.17	
3505	Investment Gains & Losses-Arch Spec Investments Accts		\$523.17
1440	Income Mutual Fund	\$1,439.73	
3505	Investment Gains & Losses-Arch Spec Investments Accts		\$1,439.73

EXAMPLE 8A

EXAMPLE 8B

EXAMPLE 8C