



Restricted Assets

DIOCESE OF DES MOINES
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Restricted Assets Defined

- ▶ **Restricted assets:** Assets that have been designated for a specific purpose by a donor or the Parish Finance Council. These assets must only be used for their specified purpose.

Accepting Donor Gifts



- ▶ Be sure this is a gift your parish/school wants.
- ▶ Consider preparing a Wish List of projects the parish/school wants to pursue

Restricted Donations

Mean Restricted Assets

- ▶ ADA-exempt, restricted donations are for non-operational purposes only.

Examples:

- Purchase of a statue for church
- Scholarship money for graduating seniors.

Donations for Operational Purposes

- ▶ Donations for operational purposes should not be recorded as restricted or as designated donations. Donation examples:
 - Evangelization
 - Faith Formation
 - School Assessments
 - Holiday Flowers
 - Prior year's ADA Shortfall



Record Keeping

- ▶ Track from receipt to disbursement
 - Keep original documents
- ▶ Show that donor intent followed
- ▶ Share activity with Finance Council

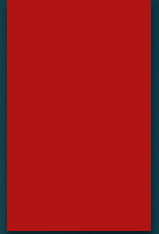
Record Keeping (Cont'd.)

- ▶ General Ledger Asset Accounts
 - 1000/1100 Series: Unrestricted
 - 1200 Series: FC Restricted
 - 1300 Series: Donor Restricted

Record Keeping (Cont'd.)

- ▶ General Ledger Restricted Income Accounts
 - ADA Exempt: 4200 Series
 - Bequests, Building, Cemetery, Designated Donations

Capital Campaign Donation Entry



<u>Acct No.</u>	<u>Acct Description</u>	<u>Debit</u>	<u>Credit</u>
1310	Savings-New Hall	5000	
113-420004	Cap Campaign Inc.		5000

Record Keeping (Cont'd.)

- ▶ Disbursements: May transfer from Restricted Assets to main checking account at point of disbursement.
- ▶ Note reason for transfer.

Record Keeping (Cont'd.)

- ▶ Keeping track of receipts and disbursements
 - Primary/Subsidiary Accounts
 - Project Description: Inc/Exp
 - Electronic spreadsheet
 - Not FHFO (2400 Series)

Changing the Restriction

▶ Donor Restricted Assets

- Be sure your parish wants to accept the restricted donation. Only the donor, or family if donor deceased, may change the restriction. Any change should be documented in writing and should be notarized.

Changing the Restriction

▶ Finance Council Restricted Assets

- It takes a majority of the Council to change a restriction.
- Document in the minutes
 - See *Resource Manual*, pg. 8, for additional guidance.

Restricted Accounts Review

- ▶ 80% of parishes turned in information and received an email with recommendations, if any.
- ▶ 20% did not submit; should still do so.

Restricted Accounts Review

- ▶ Many assets were not classified as restricted when they should be, and vice versa.
- ▶ Unrestricted (1000/1100) and restricted accounts (1200/1300) were not always reliable.

Restricted Accounts Review

- ▶ Found Parish Finance Council restricted assets co-mingled with donor restricted.

Restricted Accounts Review

- ▶ Some parishes were not clear as to the specific reason(s) their assets are restricted.

Restricted Accounts Review

- ▶ Account titles could be more descriptive of restrictions (1200/1300)
- ▶ Donors do not always restrict Memorial money, though Memorial money is always ADA-exempt.

Restricted Accounts Review

- ▶ SGG money was not always deposited in a donor restricted account or identified as SGG.

Restricted Accounts Review

- ▶ Some parishes are using FHFO to show funds are restricted, but the FHFOs are not always tied to a restricted account – the parish was relying on unrestricted funds to cover part of FHFOs

Restricted Accounts Review

- ▶ Not meant to be an “audit.” We did not look at documentation supporting any restrictions.

Restricted Accounts Review

- ▶ Ancillary Finding: Recorded CDs, and sometimes other investments, are not always updated for interest or purchases/redemptions/sales. Happens more so when there has been a change in bookkeepers.

Questions

