

ARCHDIOCESE OF SEATTLE

SECTION F

CUSTODIAL COLLECTIONS AND PARISH CUSTODIALS

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CUSTODIAL COLLECTIONS & PARISH CUSTODIALS

Archdiocesan Custodial Collections

Custodial funds are funds collected by the parish on behalf of another organization. In essence, the parish is acting as a custodian of those funds for another organization. Since these funds do not belong to the parish, they are not recorded as revenue or an expense. Instead, the parish has an obligation to remit to the organization all funds collected. Therefore, the funds are considered a custodial liability.

Archdiocesan Special Collections (e.g. Peter's Pence) are custodials. For example, suppose a parish collects the following over a period of two weeks for the Peter's Pence collection. The following entries would be made assuming \$400 is collected the first week, and \$500 is collected the second week.

Week #1

ACCT #	DESCRIPTION	DEBIT	CREDIT
1115	Cash in Checking – Parish	400	
2242	Peter's Pence Custodial		400
To record funds collected on behalf of Peter's Pence.			

Week #2

ACCT #	DESCRIPTION	DEBIT	CREDIT
1115	Cash in Checking – Parish	500	
2242	Peter's Pence Custodial		500
To record funds collected on behalf of Peter's Pence.			

When the parish remits the \$900 to the Archdiocese Missions Office, the following entry is made:

ACCT #	DESCRIPTION	DEBIT	CREDIT
2242	Peter's Pence Custodial	900	
1115	Cash in Checking – Parish		900
To record remittance of Peter's Pence collections.			

After all funds collected for Peter's Pence have been forwarded to the appropriate organization, the balance in this account should be zero. At fiscal year-end (June 30th), the balance in this account should be zero unless some of the funds collected have not yet been remitted.

Parish Custodials

The parish may maintain "custodial" accounts for parish and/or school ancillary organizations (e.g. Altar Society, Parents' Club, Booster Club). These organizations may or may not have their own checking accounts. This is a local decision. If separate accounts are allowed, they must be maintained in accordance with Parish Accounting Policy XVIII.

Regardless of the checking account decision, all these organizations must be included in the parish financial records and reports as custodial liabilities.

We recommend that a separate custodial account be established for each organization. The accounting for these accounts is straightforward. The following example assumes the Parents' Club maintains its own checking account. For an organization not maintaining its own checking account, Parish Checking Account

(#1115) or School Checking Account (#1117) would be substituted for Parents' Club Checking Account (#1118).

The Parents' Club organizes an auction earning \$50,000 for the school. Expenses for the event total \$7,500. The club then transfers \$25,000 to the school for support of general operations.

ACCT #	DESCRIPTION	DEBIT	CREDIT
1118	Parents' Club Checking	50,000	
2214	Parents' Club Custodial		50,000
To record revenue from Auction.			

ACCT #	DESCRIPTION	DEBIT	CREDIT
2214	Parents' Club Custodial	7,500	
1118	Parents' Club Checking		7,500
To record expenses for Auction.			

ACCT #	DESCRIPTION	DEBIT	CREDIT
1117	School Checking	25,000	
2214	Parents' Club Custodial	25,000	
1118	Parents' Club Checking		25,000
4250.80	Parents' Club Donation		25,000
To record the transfer of \$25,000 from auction to school			

This series of transactions results in a balance of \$17,500 in both the Parents' Club Checking Account and the Parents' Club Custodial. **These accounts must always balance.** Any adjustments should be made periodically from reports received from the club.