

From the Diocese of Lexington Website:

## STEWARDSHIP

The Secretariat for Stewardship is entrusted with responsibilities for caring for property, managing temporal matters, making resources yield as much as possible, and sharing resources with others. The responsibilities involve a commitment to trust and accountability as defined by the USCCB Pastoral entitled [Stewardship: A Disciple's Response](#). Functional areas include revenue (contributions, gifts, fundraising, etc.), budgeting (operating and programming, solvency strategies, cash management, etc.), and temporal goods (acquisition, maintenance, management, and alienation)

“Why it is important to get it right!”

## BALANCE SHEET

WHAT IS A BALANCE SHEET? A balance sheet is a detailed list of assets, liabilities (money owed), and the value of the equity (net worth of an entity) at a specific point in time. A balance sheet shows what you have and what you owe as of the date on the financial statement.

It's called a balance sheet because assets must always equal liabilities plus equity. **The balance sheet must always balance!**

Assets and Liabilities are both broken down further into "current" and "non-current" to show how soon they must be turned into cash (assets) or repaid (liabilities). Current refers to a period of less than 12 months, non-current a period greater than 12 months.

All accounts are listed in the order of liquidity.

ASSETS: The things you own such as cash, savings and properties that have a monetary value. Normally a debit balance. All 100 accounts.

**Cash subaccounts** are important if there are restricted or designated funds or money for a particular group or purpose. The subaccounts help you quickly identify the balance in each account and run a quick report on that account detail to give to the treasurer or other representative of the group on a routine basis.

If subaccounts are utilized, there is a bottom line for the bank account that is identified as Other. Other is the amount of cash left after all of the subaccounts. If the Other line is negative, it typically means the money is being used for operations that is in reality restricted, designated or for another group. Investigate and rectify to protect the integrity of the separately identified funds and to isolate and correct what is causing the cash shortage for operations.

If the monies separately identified in subaccounts are needed they should be available.

Look at savings, investments, and fixed assets.

LIABILITIES: What you owe such as payables, taxes, payroll, loans. All 200 Accounts.

NET ASSETS/OWNER'S EQUITY: Original Investment and profit/loss left in the entity. The difference between what you own (assets) and what you owe (liabilities) is called net worth or owner's equity. Equity accounts are in the 300 account range.

### What is the benefit of having a balance sheet?

At a glance, the balance sheet provides a picture of the financial health of an entity at a given point in time. It can show if you owe more money than what you currently have, the current value of your assets and the overall value of our entity.

To quickly see overall changes in cash, savings, accounts payable and any borrowings, request a balance sheet comparative to prior year. You can tell if cash is up or down, if the location is using or growing savings, if debt is growing or being reduced, if major fixed assets were purchased or sold, etc.

An allowance for bad debt and accumulated depreciation should be in (parenthesis) or have a negative sign beside of the balance on the balance sheet. Investigate any other accounts on the balance sheet that are in parenthesis or have a negative (-) sign beside of the balance.

NOTE: We are allowed to create sub accounts for asset and liability (Balance Sheet) accounts ONLY. No sub accounts on income or expense accounts (Profit and Loss).