



Administrative Services Group (ASG)

Finance and Accounting

**2020 Year-End Closing
Procedures/Schedule/Entries**

October 30, 2020

Contents

Prepaid Expenses: Year-End	3
Prepaid Expenses: Year-End Account Numbers	4
Accounts Payable: Year-End Accruals	5
Accounts Payable: Year-End Accrual Accounts	6
Accounts Payable: Web Invoicing	6
Accounts Receivable: Year-End Accruals	7-8
Accounts Receivable: Year-End Account Numbers	8
Closing Schedule	9
Year-End Purchasing	9
Closing Entries	10
Contacts	10

Prepaid Expenses: Year-End

A prepaid expense is an expense paid in 2020 but applicable to 2021 (when payment is due in the closing year accounting period [2020] for goods or services that will be received or rendered in the New Year accounting period [2021]).

Year-end account numbers are provided for prepaid expenses for each program area, which are to be recorded when requesting advance payments applicable to the following year. The year-end account numbers set up in the chart of accounts for use with prepaid expenses are listed on page 4.

Prepaid expenses are required only for amounts greater than \$500 (amounts less than \$500 can be charged to the current budget).

When entering a "prepaid expense" Web Invoicing request, **a copy of the journal voucher clearing the prepaid expense account in the following year must be attached. It is extremely important that the Web Invoicing request setting up the prepaid expense be flagged "for the period 12/2020," and that the accompanying copy of the journal voucher clearing the account be flagged "for the period 01/2021."** A copy of the journal voucher should be attached to the Web Invoicing request, and a copy of the Web Invoicing screenshot should be attached to the journal voucher.

The copy of the journal voucher that is attached to the Web Invoicing request will remain with Accounts Payable (AP) records; it will **not** be forwarded to the General Ledger department. Therefore, you must submit the original journal voucher separately to the General Ledger department for proper and timely clearing of the prepaid account.

EXAMPLE:

Racial Equity & Women's Intercultural Ministries (REWIM) area makes meeting arrangements in October 2020 for the BIG meeting that will be held in January 2021, and a deposit is required in November 2020. Racial Equity & Women's Intercultural Ministries area would **prepare a Web Invoicing request for payment of the deposit as follows:**

<u>Date</u>	<u>Description</u>	<u>Rate</u>	<u>Account Number</u>
11/2020	REWIM BIG meeting 01/10/2021	\$950	10-00-00-000-00-169000-0 YE502

The accompanying journal voucher would be prepared as follows:

For the Period 01/2021

<u>Account Number</u>	<u>Amount</u>	<u>Debit/Credit</u>	<u>Description</u>
10-30-27-502-00-812100-1	\$950	Dr	REWIM BIG Meeting 01/10/2021
10-00-00-000-00-169000-0 YE502	\$950	Cr	REWIM BIG Meeting 01/10/2021

Finance & Accounting will **record 2020 travel booked through Balboa Travel** from Thursday, November 19 through Thursday, December 17, 2020, as a prepaid expense for amounts greater than \$500. **(The work travel ban continues through June 30, 2021.)**

Prepaid Expenses: Year-End Account Numbers

<u>Entity</u>	<u>Account Code</u>	<u>Project No.</u>	<u>Program</u>	<u>Type of Account</u>
10 00 00 000 00	169000 0	YE+Office No.	General Mission	Prepaid Expense
15 00 00 000 00	169000 0	N/A	Hubbard Press	Prepaid Expense
16 00 00 000 00	169000 0	YE+Office No.	Youth Triennium	Prepaid Expense
20 00 30 000 00	169000 0	YE+Office No.	Jinishian	Prepaid Expense
30 00 00 000 00	169000 0	YE+Office No.	Presbyterian Disaster Assistance	Prepaid Expense
33 00 00 000 00	169000 0	YE+Office No.	Self-Development of People	Prepaid Expense
35 00 00 000 00	169000 0	YE+Office No.	Presbyterian Hunger Program	Prepaid Expense
45 00 00 000 00	169000 0	N/A	Stony Point Center	Prepaid Expense
80 00 00 000 00	169000 0	N/A	Per Capita	Prepaid Expense
82 00 00 000 00	169000 0	N/A	Philadelphia Historical Society	Prepaid Expense
90 00 00 000 00	169000 0	N/A	Presbyterian Women	Prepaid Expense

Accounts Payable: Year-End Accruals

Accrued expenses are expenses that are incurred in 2020 but paid in 2021.

Applicable expenses can be charged to the closing year's budget by submitting approved Web Invoicing requests no later than Thursday, January 7, 2021 (by 5 p.m.), **except for expenditures where the source of funding is from restricted endowments. The cutoff date for these expenditures is Wednesday, December 9, 2020 (expenditures where source of funding is a restricted endowment must be submitted earlier to withdraw and receive funds from the Foundation by December 31, 2020).**

If you need to charge expenses to 2020 after the January 7 Accounts Payable cutoff date, you will need to prepare a journal voucher to set up an accrual by January 8, 2021. The appropriate income recovery or expense account is debited, and the year-end AP accrual account for your ministry area is credited.

Documentation must be attached to the journal voucher for each expense. Proper documentation establishes that the liability was incurred as of December 31; for example, a rental agreement for a one-week auto lease on the church's Enterprise account in December. It reflects the dates of use and the amount that will be included in the January statement from Enterprise.

When you submit a Web Invoicing request to pay the invoice in 2021, you must attach a copy of your journal voucher to the Web Invoice along with the original invoice. The year-end Accounts Payable account can only be cleared via an AP Web Invoicing request payment.

The copy of the journal voucher that is attached to the Web Invoicing request will remain with AP records; it will not be forwarded to the General Ledger department. Therefore, you must submit the original journal voucher separately to the General Ledger department for proper and timely clearing of the AP accrual account.

Finance & Accounting will **record 2020 travel booked through Balboa Travel** from Thursday, November 19 through Thursday, December 17, 2020, as an accrued expense for amounts greater than \$500. **(The work travel ban continues through June 30, 2021.)**

Note: All car rentals, lodging, and other travel agency expense accruals for 2021 will be the responsibility of the ministry area.

Accounts Payable: Year-End Accrual Accounts

<u>Entity</u>	<u>Account Code</u>	<u>Project No.</u>	<u>Program</u>	<u>Type of Account</u>
10 00 00 000 00	308080 0	YE+Office No.	General Mission	AP Accrual
15 00 00 000 00	308080 0	N/A	Hubbard Press	AP Accrual
16 00 00 000 00	308080 0	YE+Office No.	Youth Triennium	AP Accrual
20 00 30 000 00	308080 0	YE+Office No.	Jinishian	AP Accrual
30 00 00 000 00	308080 0	YE+Office No.	Presbyterian Disaster Assistance	AP Accrual
33 00 00 000 00	308080 0	YE+Office No.	Self-Development of People	AP Accrual
35 00 00 000 00	308080 0	YE+Office No.	Presbyterian Hunger Program	AP Accrual
45 00 00 000 00	308080 0	N/A	Stony Point Center	AP Accrual
80 00 00 000 00	308080 0	N/A	Per Capita	AP Accrual
82 00 00 000 00	308080 0	N/A	Philadelphia Historical Society	AP Accrual
90 00 00 000 00	308080 0	N/A	Presbyterian Women	AP Accrual

Accounts Payable: WEB INVOICING

The January 7, 2021 (by 5 p.m.) cutoff date for submitting 2021 AP requests means we should have **all approved** requests in AP by that date and time. If you have multiple approvers in the approval rule path, the Web Invoicing request will be deemed approved if the last person (from the ministry area) in the approval queue approved it by January 7.

Please remember to use 12/31/2020 as the document date **for all 2020** budget year transactions entered through Web Invoicing from January 4 to January 8. This will enable AP staff to prioritize 2020 transactions over 2021 transactions, if necessary.

To help you further, we will add a required feature named “yearend.” You will be prompted to answer 2020 or 2021 to help us record expenses in the proper budget year. This feature will be temporary (the temporary feature will be removed once year-end functions have been completed).

Because of the time-sensitivity of year-end processing, you may want to follow-up periodically with the respective approvers to ensure that all requests are approved on time.

Accounts Receivable: Year-End Accruals

You may find it necessary to record income, or the recovery of expenses, applicable to operations for current year funds to be received after the last working day of the year. Although **the cash must be recorded as a receipt in the year received**, it is possible to record this income in current year accounts using year-end accounts receivable accounts (see page 8 for the accounts receivable year-end account numbers).

Such receipts may be recorded in the current year by journal voucher until Monday, December 14, 2020. A journal voucher should be prepared to set up the accounts receivable. The year-end accounts receivable account is debited, and the appropriate income, recovery or expense account is credited.

A copy of the journal voucher establishing the year-end accounts receivable must accompany the cash receipts voucher when submitted, which will debit and clear the amount from the year-end account.

There may be some instances where it is known that a receipt is pending but is not in hand to support the journal voucher. These, of course, will be the exception.

A brief explanation should appear on the journal voucher stating details of the receivable, such as the source of the receipt, its purpose, and the date it was or is to be received.

Guidelines to be followed to comply with proper accounting principles and provide acceptance by our auditors are as follows:

1. **Only receipts applicable to operations for the current year but** received after December 31, 2020, can be set up as accounts receivable. Clear evidence of this applicability should be submitted with and explained on the journal voucher.
2. The accounts receivable may be reduced and/or eliminated in the following year only by a cash receipts voucher. There can be **no transfers in the following year by journal voucher** to some other account.
3. **All vouchers processed in January must clearly indicate that they are for the 12/2020 accounting period** (all vouchers showing only a January date will be processed as 2021 business). On the journal voucher, indicate the accounting period as 12/2020 and the preparation date at the bottom of the form as the actual date prepared.
 - a. To make a distinction between these transactions, **at the top of each voucher, to the right of the church name, in large red print please write "12/2020."**

EXAMPLE:

The Controller made travel arrangements with Balboa Travel and paid for a refundable airline ticket in October for a trip in December. In November, it was necessary to cancel the trip and request a refund, which was granted by the airline. The refund had not yet been reflected on the final VISA billing for the year. The following **journal voucher** would be prepared:

For the Period 12/2020

<u>Account Number</u>	<u>Amount</u>	<u>Debit/Credit</u>	<u>Description</u>
10 00 00 000 00 128030 0 YE622	\$571.80	Dr	Refunded Airline ticket 12/10/2020
10 40 45 622 00 812100 1	\$571.80	Cr	Refunded Airline ticket 12/10/2020

In this example, there would **not** be an accompanying cash receipts voucher. Instead a copy of the journal voucher would be given to Accounts Payable (AP).

Accounts Receivable: Year-End Account Numbers

<u>Entity</u>	<u>Account Code</u>	<u>Project No.</u>	<u>Program</u>	<u>Type of Account</u>
10 00 00 000 00	128030 0	YE+Office No.	General Mission	Accounts Receivable
15 00 00 000 00	128030 0	N/A	Hubbard Press	Accounts Receivable
16 00 00 000 00	128030 0	YE+Office No.	Youth Triennium	Accounts Receivable
20 00 30 000 00	128030 0	YE+Office No.	Jinishian	Accounts Receivable
30 00 00 000 00	128030 0	YE+Office No.	Presbyterian Disaster Assistance	Accounts Receivable
33 00 00 000 00	128030 0	YE+Office No.	Self-Development of People	Accounts Receivable
35 00 00 000 00	128030 0	YE+Office No.	Presbyterian Hunger Program	Accounts Receivable
80 00 00 000 00	128030 0	N/A	Per Capita	Accounts Receivable
82 00 00 000 00	128030 0	N/A	Philadelphia Historical Society	Accounts Receivable
90 00 00 000 00	128030 0	N/A	Presbyterian Women	Accounts Receivable

Closing Schedule	Time	Day	Date
Computer and software/hardware orders	5 p.m.	Tue.	12/01/2020
General orders	5 p.m.	Tue.	12/01/2020
Print orders and specialty orders	5 p.m.	Tue.	12/01/2020
Office Depot orders	12 Noon	Tue.	12/08/2020
Services and catering	12 Noon	Tue.	12/08/2020
Mail and Print Services	12 Noon	Fri.	12/11/2020

Year-End Purchasing

- ❖ All web purchasing requisitions submitted to Purchasing by Tuesday, December 1, 2020, with a normal lead-time of 3 weeks or less will be charged to the 2020 budget.
- ❖ Requisitions submitted *before* December 1 will be given priority.
- ❖ Requisitions submitted *after* December 1 will be processed as time permits.
- ❖ Requisitions submitted *after* December 1 may or may not be charged to the 2020 budget, depending on when items are *received* and *entered* in Financial Edge (FE).
- ❖ Office Depot requisitions will continue to be processed daily until Tuesday, December 8, 2020; they will be charged to the 2020 budget.
- ❖ Office Depot orders submitted *after* December 8 will be processed and delivered in 2020, but they cannot be guaranteed to be charged to the 2020 budget.

Closing Entries	Time	Day	Date
All expenditures where source of funding is from restricted endowments	5 p.m.	Wed.	12/09/2020
Send all requests for inventory obsolescence and/or cost adjustments to Presbyterian Publishing Corporation (PPC) and Robyn McEvilla	5 p.m.	Wed.	12/09/2020
AP vouchers/all budget entities to AP	5 p.m.	Thu.	01/07/2021
Year-end accruals and journal entries/all budget entities to GL	5 p.m.	Fri.	01/08/2021
Preliminary Close - General Ledger and Budget & Expense reports issued to ministry areas (as of 12/31/2020)	5 p.m.	Wed.	01/13/2021
Pre-close JVs due from ministry areas to ASG	5 p.m.	Fri.	01/15/2021
Final Budget & Expense reports to ministry areas	5 p.m.	Wed.	02/10/2021

Contacts

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Janeen Lush, Ext. 5600

Terri Milburn, Ext. 5578

- **Accounts Payable**
- **Web Invoicing**

Octavia Craig, Ext. 5004

- **Purchasing**
- **Treasury**

Michelle Diallo, Ext. 5173

- **Executive Director**
- **Office of the General Assembly (OGA)**
- **Policy, Administrative & Board Support**

Sandy Johnson, Ext. 5538

- **Communications**
- **Compassion, Peace & Justice**
- **Mission Engagement & Support**
- **Theology, Formation & Evangelism**

Lora Limeberry, Ext. 5588

- **Presbyterian Investment & Loan Program (PILP)**
- **Stony Point**

Robyn McEvilla, Ext. 5551

- **Inventory**
- **PPC Website**

Andrea McNicol, Ext. 5555

- **Administrative Services Group (ASG)**
- **Racial Equity & Women's Intercultural Ministries**
- **World Mission**

Monique Robinson, Ext. 5629

- **Accounts Receivable (AR) Billing**
- **Payroll**