NJ Treasury Tips: Adding clarity to board reports PART 1

Good afternoon Church Treasurers!

Welcome back to the NJC Treasury Tips Newsletter. I hope you are having an enjoyable summer! For the next few newsletters, the topic will be understanding the financial reports that you get from Jewel, and how to help your board get the information they need for decision making from your reports.

We begin our series on Jewel reports with some thoughts about the reports you will give to your board, and why it’s worth it to spend some time evaluating this area.

Every board handless finance and treasury reports differently. On one end you have the board that looks at the reports for a few minutes and then votes them through without question or discussion. They might admit, if asked, that they really don't understand enough about what they are seeing to even ask questions. At the opposite end of the spectrum, you can have a board that questions every little thing, requiring details and explanations.

Often, both of these extremes are rooted in a lack of clarity. But we as treasurers don’t always see clarity issues. Because we entered those transactions, they are perfectly clear to us.

When a board member looks at a report but cannot understand it because it is complicated or vague, they will often not ask questions. They will assume that everyone else understands it so they will vote to accept the report and move on to the other business of the church (and I speak from prior experience here!). Or, on the other side, if you have a board member who wants to know everything, a lack of clarity in the reports can require frequent explanations from the treasurer, which can slow down the meeting and create extra work for you.

It is good for us to step back and see our reports from the perspective of the man on the street, or even the members of our youth department. Is the financial summary either overly complicated or very vague, making it hard to understand? Do my memos answer all the right questions? Do my dates or check numbers jump around or am I being systematic in my data entry? All these things can affect clarity.

*The more items on the financial reports that require the explanation of the treasurer, the more the two extreme ends of the spectrum will be triggered.*The passive board will be more passive because they don’t understand the reports. The board that wants detail will be more demanding because they want to know what is going on. Both responses are understandable, but the lack of clarity can hinder the board from fulfilling its tasks and reaching its goals.

So, here are my quick tops for how to accomplish clear concise reports:

**1.   Have a well-ordered chart of accounts** so that the financial summary is simple to read.

**2.    Have well-named accounts** so there is no need to ask “What is this account for?”

**3.****Learn to create memos**for each transaction that are so complete that no further explanation is needed.

**4.    Consistently and correctly date transactions** so all reports are chronological and clean.

**5.    Keep local accounts funded** so they do not have large negative ending balances.

**6.    Follow the monthly sequence** in posting, reconciling, and closing.

**Clarity leads to confidence** on the part of the board. They know where the church stands financially and can make decisions with a sense of assurance.

In the next few newsletters, we will be exploring more ways to add clarity to your financial reports and to implement some of the tips highlighted above. Until then, reach out to us if you need assistance.

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PART 2: Understanding the financial summary

Good afternoon Church Treasurers,

Today I’ll share a few helpful tips for understanding the Jewel Financial Summary. You can find this report by clicking on *REPORTS AND GRAPHS* and *FINANCIAL SUMMARY* in Jewel.

There are three basic questions that your board asks, and these three can be answered by your Jewel Financial Summary. They are:

1. How much money do we have?

2. How/where is it being spent?

3. How much is left that we can spend on whatever we need?

Are you able to find the answer to those three questions on your financial summary, clearly and quickly? If you can't, it might be because your reports are set up in such a way that the answers are not clear, or it might be because you need a refresher on those answers yourself.

Either way, I recommend that you watch these three videos.

1 How Much Money Do We Have? <https://youtu.be/7uqOWF-MWYk>

2 The Care and Feeding of Local Church Funds <https://youtu.be/KQFyqRf-5vw>

3 Money That Can't Be Spent <https://youtu.be/W-gjQp_KceU>

Probably an even better question is "How much of the money that we have is available to be spent on anything we need?" How do you find those numbers? Take a few minutes and observe your financial summary. Does it have dozens of accounts, in no particular order? Can you easily find how much you have in Pathfinders, for example? If your board was to ask you how much money was available to spend any way they wished, could you find that number?

A well-ordered Financial Summary can clearly show how much is coming in, how much is going out for various monthly bills, how much is spoken for and how much is left.

If you have questions about the way your reports are set up, contact me for assistance. Reports that don't make sense are anywhere from annoying to useless to your church board, which is not something we want! I am happy to help you make small adjustments to the way you are using Jewel that will add a lot of clarity to your board reports.

Until next time! Please reach out if you have any questions or need assistance with Jewel:

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PART 3: Writing clear memos

Continuing with the topic of adding clarity to board reports, let’s talk about transaction memos.

Remember that the memos are not for you, they are for the board. You write the memo, you know at that moment exactly what it is for, and you think you will remember. And you may. But if you are like me, life has a way of crowding the little details from your mind. And what about when you are no longer the treasurer? Will your successor be able to easily understand why certain transactions were made and what they were for, just by looking at your Jewel reports?

The real question is, will the board know the purpose of the entry if the memo line is blank, or if the line contains a single word like “Transfer” or “Correction”? Maybe not.

If I was on your board, and I saw a memo line that merely said “Correction,” I would have some questions! Correcting what? Why? How is it being fixed? Your memo lines should answer questions, not raise them. Think of answering questions like When, Why, Who, Which Ones, How and sometimes Where. These will not all need to be answered every time, but some of them will.

One report where memos are very important is the transfer report. Transfers will also show up on your check and deposit reports depending on the type. The attached info page shows you a Transfer Report and evaluates its memos.

Writing excellent memos is a skill that can/should be developed. I usually write a memo, then look at it and see if an early teen in my church would understand it. Then I add or subtract words and move words around until it is concise, complete, and clear. Abbreviations are ok, if most would know or could figure out what they are. If the memo you write is too long for all of it to show on the report, try to put the information most relevant to the board in front. “School furnace replacement – invoice 3001254” is better than “Invoice 3001254 – school furnace replacement.”

Next let’s go over how to write memos for General Journal Entries.

NOTE: Remember that General Journal Entries are not for recording purchases, payment, or donations.

· All purchases, reimbursements and payments are entered as checks.

· All automatic or online payments and debit purchases are entered as electronic checks.

· All donations are entered using “Start New Offering.”

 General Journal Entries do not have their own monthly reports like transfers have. General Journal Entries appear on either the monthly Deposit Report or the monthly Check Report, depending on which of these buttons (in red, below) was clicked when you created the Journal Entry.



If you are using the “Add Entry” section of the bank rec page, which creates a General Journal Entry, the same two round buttons are there as well. (see in red below)



The following are memo suggestions for General Journal Entries posted as “Deposits and Interest Earned.”

**Annual evangelism funds from the conference** should have a memo that gives all relevant info at a glance. Like “2023 evangelism funds from conference.” That tells you the time period, what it is and where it came from.

**A refund** for an event that was canceled could have this memo: “Refund for cancelled Women’s Retreat.”

**Interest earned on a bank account** should not just say “Interest” or “Interest earned” but should give the date period and which bank account. “1st quarter 2023 SURF interest.” “May 2023 Savings interest.” “June 2023 Checking interest.”

**An adjustment to an offering deposit** (usually during reconciliation) should have the date of the deposit and reason for adjustment. “Adj to 3/18/23 dep to match statement.” Or Adj to 4/17/23 deposit – counting error.”

Memo suggestions for General Journal Entries when adjusting a check or recording a bank fee:

**A check you wrote cleared for a different amount** – “Adj to ck #1234 to match statement.”

**Refund for supplies purchased**, then returned, should not just say “Refund,” but could say “Refund - supplies (or materials) purchased 2/24/23” (or whatever the purchase date was) and should be posted back to the same local account that the purchase was taken from.

**Recording a bank fee**: You can usually use whatever term the bank uses for it. “Overdraft bank fee.” If it is a monthly charge, you could add the month. “April Paper statement fee.” If you have multiple accounts, it is good to identify which account is being affected. it could say “April statement fee – checking” or “Overdraft fee – Debit acct.”

I know I said that the memo is not for you, but clear memos can be very useful to you as well. For example, if you are checking to see if you already posted interest for the savings account. If you have four journal entries that all just say “interest earned,” you won’t be able to tell at a glance if you have or not. If you see “May 2023 savings interest,” you will know that you already have posted it and you won’t accidentally duplicate it.

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PART 4: Year-end transfers

At the end of each year, it is good church finance to zero out negative accounts and to reclaim excess amounts of church budget allocations back into church budget. You will start 2023 with more clarity, because your Church Budget ending balance will be more accurate.

If your board has requested or given permission for you to do this in the past, you can do it again. If your church has never done this, you need to discuss it with them first.

Since every church’s account list and budget allocation process is different, I can give you principles and show you examples, but it will be up to you and your finance committee and/or board to decide how to apply those principles.

If your church has never closed the year this way before, and ending balances just continue to pile up or dig deeper year after year, it would be a good time for you to suggest this practice to your board and explain to them how it works.

This transfer process occurs just before you print the reports and close December – everything else in December should be done. It consists of transferring Church Budget or reserve type funds INTO the expense accounts that have negative balances, so that they end the year with a zero balance. And transferring excess Church Budget funds OUT OF accounts that ended the year with extra, so that all the expense type local funds end the year with a zero balance.

I am attaching a step-by-step explanation with illustrations called YEAR END ZERO. If you want to use it, print it out so that you can keep track of the steps as you go along. Or, you can watch this video: <https://www.youtube.com/watch?v=roucDULsBAc>

If you are unsure of how to do it, contact me and I can help you.

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PART 5: How to edit financial summary accounts

Have you ever noticed a strange account on your financial summary report? Maybe one that has not been used in a long time, or the name is misspelled? Or perhaps your church has only one or two funds on your financial summary from which you are paying all expenses, and you wish you could have a few more specific accounts to help keep track of everything.

In this part of our series on adding clarity to your Jewel reports, I will explain how to edit and add new accounts. This newsletter may be too basic for some of our more experienced treasurers, but don’t worry, we have a challenge for you coming in our next email!

To begin, click on *Maintenance* and then *Edit Accounts* in Jewel



From here, you will see the following options:



To edit your account, including the name, account number etc., click on the little check box that says “EDIT”.

There are also buttons on this page for adding a new account and deleting accounts. Before you add a new account, double check your full account list on the left side to be sure it’s not already there. This can avoid duplicate accounts being created.

If you have duplicate accounts and you only want to keep one, you can delete an account if it has never been used for a transaction. If you are having trouble getting rid of duplicate accounts, you can contact me for help.

Another solution for accounts you do not want to use anymore because they were duplicates or are no longer relevant is to deactivate them. To do that, click on the *EDIT ACCOUNT* check box, and then uncheck the options as shown below.



Now your account will no longer be in use and will eventually disappear from your financial summary when there is no balance or transactions in the account. This can be really helpful to reduce the number of accounts on your financial summary and make it easier to read.

NOTE: No account with funds still in it (or with a negative balance) should be de-activated. Refer to our email on transferring funds or call me for assistance if this is your situation.

If you want to do something to organize your accounts more on your financial summary, one very easy way is to change the local account numbers. The funds on the FS are always listed in numerical order not alphabetically, so carefully choosing a numbering system for your accounts can help keep things organized.

Another method is to use sub accounts. This lets you group certain accounts together on the financial summary, such as the church expense accounts. You could use Church Expense as your parent account, and as sub accounts, utilities expense, maintenance expense, landscaping expense, etc. Here’s how to make an account into a sub account.

First, click on the edit account check box as shown previously. From there, make sure the option for *Sub account of* is selected. Then you can choose which account to nest it under.



One last important note on accounts; it is that it is essential to use them consistently for the correct purposes. This will make it easy to locate the information you need when you need it, such as the amount you spent on electricity or janitorial supplies in the past year. Here’s a video you can watch to explain the importance of consistency in the local accounts.

<https://www.youtube.com/watch?v=zUfno3EWBV8>

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PART 6: Reviewing your bank reconciliation with your board

Have you ever been asked at a board meeting why the financial report doesn’t exactly match the balance on the bank statement?

If you want to take your reports to a whole new level, try this simple process to explain to the board why you know your Jewel bank account balance is correct.

After you reconcile your bank statement this month,  print out the bank reconciliation report and look at the very bottom line of the report.

It will say “Adjusted Bank Balance” and then the date of the bank reconciliation. Then there is a dollar amount next to it.



That number is supposed to match the checking account Ending Balance on your Financial Summary for that month. Like this one does.



And it will match, if you have worked through the month in Jewel in the proper order - which means all checks, including the remittance, and deposits are entered before you reconcile.

Having these numbers match is the best way to prove to your board monthly that your numbers are accurate. And if your board has not taken advantage of this perfect opportunity to have peace of mind about the reports, you can ask them to do it. Attached is the form to use and here is the [video](https://vimeo.com/493885007) that explains it <https://vimeo.com/493885007>

If you want to understand how it works, watch [this video](https://vimeo.com/493891096) <https://vimeo.com/493891096>

That is the end of our series on Jewel reports! I hope you have learned something that helps make your work as a treasurer easier and more transparent.

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