

Making End of Year 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 2021 with more clarity, because your Church Budget ending balance will be more accurate.

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 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 should occur 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.

So that you can visualize its, let me show you two financial summaries where in the top section, you see the ending balance column before the end of year transfers, and in the bottom section, you see it after the transfers. Look at the difference in the ending balance column.

Account	Begin. Bal.	Deposits	Checks	Transfers	Ending Bal.
COMBINED BUDGET	332,523.72	257,968.58	3.00	-526,105.19	64,384.11
CHURCH EXPENSE					
Building Property Insurance	-25,721.00		13,954.00	39,675.00	0.00
Church Expenses - General	80.40	225.36	1,908.71	188.98	-1,413.97
Debt Retirement (Building Loan)	250.25	200.00	88,138.70	71,872.45	-15,816.00
Fire Alarm Equipment Maintenance	-2,650.00			2,650.00	0.00
Plumbing & Sinks	-1,755.00	688.00	1,840.00	2,837.00	-70.00
Janitorial Supplies	-4,052.98		2,633.61	5,697.41	-989.18
Janitorial Service	-24,950.00	1,000.00	15,300.00	36,650.00	-2,600.00
Lawn Maintenance	-18,950.00		12,900.00	28,625.00	-3,225.00
Office Equipment & Maintenance	-24,900.78	843.52	9,542.40	32,040.54	-1,559.12
Office Supplies & Expense	-6,095.13	127.53	-388.94	6,703.46	1,124.80
Post Control	0.00		540.00	420.00	-120.00
Steam Water Pipes	-1,190.40		1,190.40	2,380.80	0.00
Telephone Fees	-1,640.47		283.47	1,923.94	0.00
COMBINED BUDGET	332,523.72	260,849.22	3.00	-580,241.14	13,128.80
CHURCH EXPENSE					
Building Property Insurance	-25,721.00		13,954.00	39,675.00	0.00
Church Expenses - General	80.40	225.36	1,908.71	1,602.95	0.00
Debt Retirement (Building Loan)	250.25	200.00	88,138.70	87,688.45	0.00
Fire Alarm Equipment Maintenance	-2,650.00			2,650.00	0.00
Plumbing & Sinks	-1,755.00	688.00	1,840.00	2,907.00	0.00
Janitorial Supplies	-4,052.98		2,633.61	6,686.59	0.00
Janitorial Service	-24,950.00	1,000.00	15,300.00	39,250.00	0.00
Lawn Maintenance	-18,950.00		12,900.00	31,850.00	0.00
Office Equipment & Maintenance	-24,900.78	843.52	9,542.40	33,599.66	0.00
Office Supplies & Expense	-6,095.13	127.53	-388.94	5,578.66	0.00
Post Control	0.00		540.00	540.00	0.00
Steam Water Pipes	-1,190.40		1,190.40	2,380.80	0.00
Telephone Fees	-1,640.47		283.47	1,923.94	0.00

← Just before the end-of-year transfers

← After the end of year transfers

This is not just a matter of having a nice row of zeros.

Notice the difference in the Combined Budget ending balance before and after.

Account	Begin. Bal.	Deposits	Checks	Transfers	Ending Bal.
COMBINED BUDGET	332,523.72	257,968.58	3.00	-526,105.19	64,384.11
CHURCH EXPENSE					
Building/Property Insurance	-25,721.00		13,954.00	39,675.00	0.00
Church Expense - General	80.40	225.36	1,908.71	188.98	-1,413.97
Debt Retirement (Building Loan)	250.25	200.00	88,138.70	71,872.45	-15,816.00
Fire Alarm Equipment Maintenance	-2,650.00			2,650.00	0.00
Flowers & Gifts	-1,755.00	688.00	1,840.00	2,837.00	-70.00
Janitorial Supplies	-4,052.98		2,633.61	5,697.41	-989.18
Janitorial Service	-24,950.00	1,000.00	15,300.00	36,650.00	-2,600.00
Lawn Maintenance	-18,950.00		12,900.00	28,625.00	-3,225.00
Office Equipment & Maintenance	-24,900.78	843.52	9,542.40	32,040.54	-1,559.12
Office Supplies & Expense	-6,095.13	127.53	-388.94	6,703.46	1,124.80
Pest Control	0.00		540.00	420.00	-120.00
Shaw Water Fees	-1,190.40		1,190.40	2,380.80	0.00
Telephone Fees	-1,640.47		283.47	1,923.94	0.00
COMBINED BUDGET	332,523.72	260,849.22	3.00	-580,241.14	13,128.80
CHURCH EXPENSE					
Building/Property Insurance	-25,721.00		13,954.00	39,675.00	0.00
Church Expense - General	80.40	225.36	1,908.71	1,602.95	0.00
Debt Retirement (Building Loan)	250.25	200.00	88,138.70	87,688.45	0.00
Fire Alarm Equipment Maintenance	-2,650.00			2,650.00	0.00
Flowers & Gifts	-1,755.00	688.00	1,840.00	2,907.00	0.00
Janitorial Supplies	-4,052.98		2,633.61	6,686.59	0.00
Janitorial Service	-24,950.00	1,000.00	15,300.00	39,250.00	0.00
Lawn Maintenance	-18,950.00		12,900.00	31,850.00	0.00
Office Equipment & Maintenance	-24,900.78	843.52	9,542.40	33,599.66	0.00
Office Supplies & Expense	-6,095.13	127.53	-388.94	5,578.66	0.00
Pest Control	0.00		540.00	540.00	0.00
Shaw Water Fees	-1,190.40		1,190.40	2,380.80	0.00
Telephone Fees	-1,640.47		283.47	1,923.94	0.00

Combined Budget ending balance

Before transfers
\$63,384.11

After transfers
\$13,128.80

Before the transfers, it looked like there was much more in Combined Budget then there actually was. Because much of it had already been spent – as you see in all the negative balances. But the Combined Budget total did not reflect that fact. Now the ending balance is much more accurate. And seeing the “after” figure could make a difference in the plans that your board makes plans.

This next chart is a financial summary that has very few negative balances at the end of the year, but has a LOT of excess church budget funds that have been allocated into various accounts but not needed. Here you see before and after. They would have a much better idea of their financial picture if they did end of year transfers.

Again, your board can make better financial decisions when they have accurate numbers.

Account	Begin. Bal.	Deposits	Checks	Transfers	Ending Bal.
Church Budget	97,886.14	30,584.45		-58,330.84	70,139.75
Expense - Local Funds	4,750.72	458.75	2,652.41	2,280.00	4,837.06
Church Expense	10,992.04		258.10	1,200.00	11,933.94
Office Supplies - Church Expense	7,187.43			240.00	7,427.43
Electric - Church Expense	1,192.14		2,646.92	3,360.00	1,905.22
Gas - Church Expense	1,410.50		1,153.71	1,200.00	1,456.79
Telephone - Church Expense	309.09		2,702.89	2,280.00	-113.80
Communication - Church Expense	-64.75		420.00	484.75	0.00
Water - Church Expense	1,259.27		717.59	1,200.00	1,741.68
Misc. General Expense - Church Expense	157.86				157.86
Custodial Expense - Church Expense	1,440.00		4,380.00	4,200.00	1,260.00
Lawn/Grounds Maintenance - Church Exp	729.00		3,511.00	2,782.00	0.00
Pest Control - Church Expense	880.00				880.00
Temple Control - Church Expense	18.00		306.00	300.00	12.00
Flowers - Church Expense	1,275.58		125.06	240.00	1,390.52
Church Budget	97,886.14	30,584.45		-30,279.20	98,191.39
Expense - Local Funds	4,750.72	458.75	2,652.41	2,280.00	4,837.06
Church Expense	10,992.04		258.10	-10,733.94	0.00
Office Supplies - Church Expense	7,187.43			-7,187.43	0.00
Electric - Church Expense	1,192.14		2,646.92	1,454.78	0.00
Gas - Church Expense	1,410.50		1,153.71	-256.79	0.00
Telephone - Church Expense	309.09		2,702.89	2,393.80	0.00
Communication - Church Expense	-64.75		420.00	484.75	0.00
Water - Church Expense	1,259.27		717.59	-541.68	0.00
Misc. General Expense - Church Expense	157.86			-157.86	0.00
Custodial Expense - Church Expense	1,440.00		4,380.00	2,940.00	0.00
Lawn/Grounds Maintenance - Church Exp	729.00		3,511.00	2,782.00	0.00
Pest Control - Church Expense	880.00			-880.00	0.00
Temple Control - Church Expense	18.00		306.00	288.00	0.00
Flowers - Church Expense	1,275.58		125.06	-1,150.52	0.00

Church Budget
ending balance

Before end-of-year
transfers
\$70,139.75

After end-of-year
Transfers
\$98,191.39

So you have seen the benefits of end-of-year transfers. Now let me show you how it is done.

Start with printing a copy of your Financial Summary – Detail for December. You will use it to make notes which will help when you are making transfers.

On that financial summary, underline the local expense accounts that are candidates to be zeroed out. Use two colors. I use red for negative balances, green for the ones that have excess church budget funds.

Any local fund that does not contain trust funds can be zeroed out if the board wishes. But we are mostly talking about regular church expenses like utilities, supplies, expenses paid monthly like pest control or security services.

There are some church expense funds that I recommend leaving alone. Property and Liability Insurance and any Building Repair and Maintenance type funds. Those can have large expenditures on an annual or occasional basis, so they need to be left to accumulate.

Most churches leave the different local ministry funds alone. Unless, of course, it is a ministry that has received budget allocations for years but has never used them. In that case, moving those allocations back into Church Budget where they can actually be used is a wise move.

The only rule is “Don’t touch Trust Funds.” Tomorrow I will tell you how to know where your Trust Funds are.

Once you have chosen all the account possibilities and underlined them in red and green, check those accounts to see if any contain trust funds. If they don’t, you are ready to begin the transfers.

The simplest method and the one that gives the most clarity to the board is to make two separate transfers, one to zero the negatives and another to reclaim the excess funds.

Start by going to Home Page/Transfer Funds

The first transfer will zero out negative balances.

The date will be the last day of the year: 12/31/2020

The memo will say something like “End-of-year 2020 to zero negative accounts

Click on “Transfer FROM” since we are moving funds from Church Budget to multiple accounts.

The “From Account” is Church budget

Leave the amount box blank until we know what number to put there. So far, your transfer will look like this:

The screenshot shows the 'Transfer Funds' window with the following fields and labels:

- Date – 12/31/20**: Points to the Date field containing '12/31/20'.
- Memo**: Points to the Memo field containing 'End-of-year 2020 to zero negative accounts'.
- Transfer FROM**: Points to the radio button for 'Transfer FROM a single account'.
- From Account**: Points to the dropdown menu for 'From Account' showing '0100 CHURCH BUDGET'.
- Amount - blank**: Points to the empty Amount field next to the From Account dropdown.

The interface also shows a 'Balance' field with '300.00', a 'To Account(s)' section with a 'Running Total' field, and a table with columns for 'Account' and 'Amount'.

Enter all the accounts that have negative balances – the ones you underlined in red, along with the amount needed to bring them back to zero. If the Financial Summary says -\$371.40, than the amount to transfer should say \$371.40

Enter all of the accounts that have negative balances

Enter each negative balance as a positive number

Account	Running Total	Amount
8240 Contracts - Pest Control		371.40
8280 Custodial & Fellowship Supplies		1,860.31
8400 Lawn		2,460.22
8640 Utilities: Electricity		12,320.02
8660 Utilities: Water & Sanitation		871.20

Once all are entered, the “Running Total” can be entered into the Church Budget “Amount” box.

Enter the “Running Total” into the “Amount” box above it

Account	Running Total	Amount
8240 Contracts - Pest Control		371.40
8280 Custodial & Fellowship Supplies		1,860.31
8400 Lawn		2,460.22
8640 Utilities: Electricity		12,320.02
8660 Utilities: Water & Sanitation		871.20

Click OK to save and leave, or if you still have another transfer to make, click on “New Transfer.”

Let's go through a transfer to reclaim excess Church Budget funds.

The date should be the last day of Dec.

Memo "End-of-year 2020 to reclaim excess CB funds"

Click on "Transfer To a single account" since we are moving funds from multiple accounts back to church budget.

The "To" account is church budget.

Again, leave the amount box blank until we know what number to put there

This is what it will look like so far:

The screenshot shows the 'Transfer Funds' interface. Red arrows point from text labels to the following fields:

- Date – 12/31/20** points to the Date field containing '12/31/20'.
- Memo** points to the Memo field containing 'End-of-year 2020 to reclaim excess CB funds'.
- Transfer FROM** points to the 'From Account(s)' section, which includes a table with columns 'Account' and 'Amount'.
- To Account** points to the 'To Account' dropdown menu at the bottom, which is set to '\$100 CHURCH BUDGET'.
- Amount - blank** points to the 'Amount' input field at the bottom, which is currently empty.

Other visible elements include a 'Balance' of 3,099.27, a 'Running Total' field, and various navigation buttons like 'Cancel Edit', 'New Transfer (FB)', 'Delete Transfer', 'Next', 'Previous', 'Insert', 'Delete', and 'Transfer Report...'.

Enter all the accounts that have positive balances – the ones you underlined in green, along with the amount needed to bring them back to zero. If the Financial Summary says \$14.62, than the amount to transfer should also be \$14.62.

Enter all of the accounts that have excess funds

Enter each positive balance as a positive number

Transfer Funds

Date: 12/02/20 Memo: End-of-year 2020 to reclaim excess CB funds

Transfer FROM a single account
 Transfer TO a single account

From Account(s)	Running Total	2,101.27
Account		Amount
8650 Utilities - Telephone		1,242.32
8242 Contracts - Copier		14.62
8610 Salary & Taxes - Church Janitor		844.33

Insert
Delete

Once all are entered, the "Running Total" can be entered into the Church Budget "Amount" box.

Enter the "Running Total" into the "Amount" box down below

Date: 12/02/20 Memo: End-of-year 2020 to reclaim excess CB funds

Transfer FROM a single account
 Transfer TO a single account

From Account(s)	Running Total	2,101.27
Account		Amount
8650 Utilities - Telephone		1,242.32
8242 Contracts - Copier		14.62
8610 Salary & Taxes - Church Janitor		844.33

Insert
Delete

To Account: 8100 CHURCH BUDGET Amount: 2,101.27

Balance: 990.00

Click OK to save and leave.

Now go back to your financial summary and see if everything that you underlined has a zero balance.

If you made any errors and need to edit either transfer, go back to "Make Transfers" and click on the red "previous" arrow to find the one that needs edited.

Click on Edit Transfer and you can make the changes.

Then click OK to save the changes and leave.