

MEMBERSHIP PLUS

Deluxe Edition

ACCOUNTING

Creating Chart of Accounts

MEMBERSHIP PLUS 2007 DELUXE

Fund Balance Accounts

Fund Accounting is a method of segregating resources into categories, (i.e. funds) to identify both the source (income) of funds and the use (expense) of funds.

In non-profit organizations, the amount available to spend in a fund is dictated by the income generated, less expenses incurred. Membership Plus automatically calculates this amount available to spend in a special account called a **Fund Balance** Account. Each Fund Balance account represents one of your church or organization's funds (set of resources).

Each Fund has a set of accounts consisting of assets, liabilities, revenue accounts, expense accounts, and a fund balance (equity) account.

The "fund's balance" is increased when the fund's income exceeds the expenses OR the balance is decreased when the fund's expenses exceeds the fund's income.

The other account types identify the assets and liabilities that belong to a fund. **(Income turns into an asset by becoming cash in an account. Expenses turn into liabilities by being what is owed).**

The difference between the fund's assets and liabilities equals the "fund balance".

$$\mathbf{Fund\ Balance = Assets - Liabilities}$$

As other accounts are setup, they are associated to one of the Fund Balance accounts.

Accounts

The first time you open the Accounts module you will be prompted to set up a chart of accounts. There are three options available for creating your church or organization's chart of accounts.

*The Chart of Accounts is a listing of all the accounts in the General Ledger.
Each account is referenced by name and number.*



- **Import MoneyCounts data** – This option imports all your MoneyCounts accounts, transactions, and payees into the Accounting modules of Membership Plus; no modifications will be necessary. (Note: It would be wise before importing from MoneyCounts to backup your MoneyCounts data set.)

Note: Membership Plus imports data from MoneyCounts 9.0 only. In addition, For-Profit data from MoneyCounts 9.0 will not be imported. The fund accounting features in Membership Plus were designed for Non-Profit data only.

- **Create default church accounts** – Membership Plus will create a basic set of predefined accounts that you can use, add to, or modify for your purposes.
- **Proceed with no accounts** – Create accounts manually

Creating Accounts

Click the **Add** button at the top of the Accounts window.

(NOTE: If a field is grayed-out, it means it cannot be edited because the account has transactions attached.)

Account type:

Account name:
Equity
Expense
Fund Balance
Income
Fund account:
Investment Income
Check Style:
Additional info:
Creation date: Reconcilable
Account Balances
Balance: **\$0.00**
Beginning balance:
Address (to use on Transaction Form for this Account)
Name:
Street:
City:
State: Zip Code:

Select the appropriate account type from the drop-down list.

Enter an Account name and Account number.

Select the appropriate Fund Balance account in the fund account field where applicable.

Select a check style if you will be printing checks (Checking accounts only).

Place a check in the Reconcilable box if applicable.

Change the creation date if needed

Enter a beginning balance and complete the address information if necessary.

When the information is complete, click the Save button at the top of the Account creation window.

Additional Information

Accounting systems generally identify five different account types:

Assets

Liabilities

Equity

Income

Expense

Membership Plus further divides these five basic types into 13 different account types, as illustrated below:

Assets	Liabilities	Income	Expense
Checking	Credit Cards	Income	Expense
Savings	Liabilities	Investment Income	Investment Expense
Cash	Equity		
Other Investments	Fund Balance		
Other Assets			

NOTE: Because of the way account balances are calculated, once you've entered transactions to an account, you cannot change the account type. If you need to delete an account, any transactions it contains must be deleted or moved to another account of the same type prior to deletion.

Once your Chart of Accounts is complete, the setup of Financials (Contributions) can be completed to allow contribution entry.

Linking between Financials and Accounting is necessary to enable Membership Plus to track revenue generated by contributions as well as deposits made to your checking or savings account. It is critical to link the Funds to the correct corresponding income account and the Banks to the corresponding checking or savings account from your chart of accounts. (See *Financial Set-Up*)