ADGL Independent Financial and Records Review/Audit Checklist (Q and A)

The Review should be completed by 2 or 3 people that are **not** signers on the accounts.
(Obviously not the treasurer or bookkeeper though their input is necessary)
Due one month after the congregation's annual meeting or May 15th whichever is earlier.

(Updated May 14, 2026)

Congregation Name: ____

FINANCIAL OVERVIEW

1. Are monthly financial statements prepared on a timely basis and submitted to the Vestry/Mission Council or the appropriate committee(s)?
   - Yes/No: ______ Comments: ____
2. Does the year-to-date profit and loss (Income and Expense) statement match the year-to-date profit and loss amount (or change in Net Worth from the previous year end) on the balance sheet as of the same date (If not the statements are out of balance and need to be addressed)?
   - Yes/No: ______ Comments: ____
3. Do the financial statements include all funds (unrestricted, temporarily restricted, discretionary, benevolent, and permanently restricted)?
   - Yes/No: ______ Comments: ____
4. Are account balances in the financial records reconciled at least monthly with the amounts reported by the financial institution(s)?
   - Yes/No: ______ Comments: ____
5. Were the Articles of Incorporation Verified that they are a 501C3 or if not a 501C3 then verified with the ADGL administrator that the Congregation is affiliated with the Anglican Diocese of the Great Lakes "ADGL".
   - Yes/No: ______ Comments: ____
6. Verify the Employer Identification Number (EIN) is under the **same name** as stated in both the Insurance Policy and the Congregations Articles of Incorporation (If not file a Fictitious Name "DBA" with the State and notify your Insurance carrier of the same).
   - Yes/No: ______ Comments: ____

CASH RECEIPTS

General

7. Are written procedures established to care for offerings and/or monies received, delivered, or mailed to the congregation outside a scheduled service?
   - Yes/No: ______ Comments: ____

Offering counting for Congregations

8. Are at least two unrelated members of the counting committee present when offerings are verified after the service (Some congregations rotate Vestry/Mission Council Members on a monthly basis)?
   - Yes/No: ______ Comments: ____
9. Do the money counters verify that the contents of the offering envelopes (if utilized) are identical to the amounts written on the outside of the envelopes?
   - Yes/No: ______ Comments: ____
10. Are money counters rotated regularly so the same individuals are not handling the funds each week or month?
    Yes/No: ______ Comments: ____
11. Are donor-restricted funds properly identified during the process of verifying the offerings?
    - Yes/No: ______ Comments: ____

Depositing of funds

12. Are two members of the counting team in custody of the offering until it is deposited in the bank, placed in a night depository, church safe, or locked area?
    - Yes/No: ______ Comments: ____
13. Are all funds promptly deposited? Compare the offering and other receipt records with the bank statement to see if there is a substantial (more than 3 days) delay?
    - Yes/No: ______ Comments: ____

Restricted funds

14. Are donations for restricted purposes properly recorded in the accounting records?
    - Yes/No: ______ Comments: ____
15. Are restricted funds held for the intended purpose(s) and not spent on general operations?
    - Yes/No: ______ Comments: ____

DONATION RECORDS/RECEIPTING

16. Are individual donor records kept in order to provide year-end donor acknowledgments for all contributions?
    - Yes/No: ______ Comments: ____
17. Does the annual donor record statement include the following language (Or Very Similar) as required by the tax code? Statement: *"Goods or services, if any, that the organization provided in return for the contribution consisted entirely of intangible religious benefits.* "Reminder: If goods or services (other than intangible religious benefits) were provided in exchange for a contribution, or the item given was not monetary then the giving record **cannot** contain a dollar amount per the tax code.
    - Yes/No: ______ Comments: ____
18. Although not required by the IRS (Unless requested by the donor) has your organization adopted a policy of issuing an annual contribution report to all donors who gave over $250?
    - Yes/No: ______ Comments: ____
19. Do the giving records plus unknown donor cash receipts equal the amount collected and deposited)? Deposits must match the donor records. Option 1: At a **minimum** the largest worship service deposit for each month should be verified that they match the individual donor records for that date. Option 2: Match all the giving records for the year, plus cash receipts, plus interest/other income to make sure they equal total giving for the year.
    - Yes/No: ______ Comments (Which Option Used): ________________________

DISBURSEMENTS

20. Are all disbursements paid by check, debit card or credit card except for minor expenditures paid through a petty cash fund (A petty cash fund is not recommended)?
    - Yes/No: ______ Comments: ____
21. Is written documentation available to support **all** disbursements (Invoices to support checks or debit transactions)? At a minimum the largest 4 payments other than payroll should be evaluated each month that they have the required supporting data (Reminder: There must be supporting documentation for **all** debit card or Credit card transactions).
    - Yes/No: ______ Comments: ____
22. Do the yearend W2's and 1099's match what was approved in the Budget by the Vestry/Mission Council (If there was a variance greater than the budget there should be a record of the approval in the Vestry/Mission Council minutes.)
    - Yes/No: ______ Comments: ____
23. If a petty cash fund is utilized (not recommended), are vouchers prepared for **every** disbursement from the fund?
    - Yes/No: ______ Comments: ____

24. If you have a separate Discretionary/Benevolent Fund Checking Account (Not Recommended) **every transaction** will need to be verified by the Audit or Finance Committee that funds were disbursed in accordance with IRS guidelines and appropriate 1099's were issued. (Non compliance in this area has caused churches to lose their

non-profit status) Are you in compliance? *(The inappropriate use of Clergy discretionary funds (i.e. personal use) and/or the non-reporting of 1099 forms and/or giving records is the major reason that churches have lost their non-profit status). It is highly recommended that these funds be a line item in the general fund. Anyone receiving $600.00 or more for the Calendar year will require 1099. (There is an exception, but it will require* ***detailed*** *supporting data to be on file per the IRS guidelines).* (See ADGL Discretionary / Fund Policy Template and Worksheets)

- Yes/No: ______ Comments: ____

25. Has everyone who received $600.00 or more for the calendar year that would require a 1099 MISC or 1099 NEC received said forms as required per IRS regulations? If an **employee** has received any amount outside of payroll it must be added to their W2 or be issued a separate 1099 MISC. (See ADGL Discretionary/Benevolence Fund Policy Template).
    - Yes/No: ______ Comments: ____

BANK STATEMENT RECONCILIATION

26. Are bank reconciliations prepared on a timely basis? *Test the reconciliation for at least the last month of the fiscal year. Trace transactions between the bank and the financial accounting books for completeness and timeliness.*
    - Yes/No: ______ Comments: ____
27. When reconciling financial accounts, are there any checks that have been outstanding over one month or Debit Card Transactions, EFT's, ACH's and deposits that have been outstanding over three days? *(If so, investigate. There is probably a problem that needs to be addressed).*
    - Yes/No: ______ Comments: ____

SAVINGS AND INVESTMENT ACCOUNTS

28. Are all savings and investment accounts recorded in the financial records? Compare monthly statements to the Congregations Financial Balance Sheet.
    - Yes/No: ______ Comments: ____
29. Are earnings and/or losses from savings and investment accounts recorded timely in the financial records (Other Income)?
    - Yes/No: ______ Comments: ____

LAND, BUILDINGS, AND EQUIPMENT RECORDS

30. Are there amounts substantiated with detailed records of land, buildings, and equipment included on the balance sheet (If required to be capitalized)? Do the supporting documents indicate date acquired, description, and cost at acquisition or fair market value if lower than the actual cost?
    - Yes/No: ______ Comments: ____

31. Was an equipment physical inventory taken at year-end (Required by most Insurance Companies as a best practice)?
    - Yes/No: ______ Comments: ____
32. Have the property and equipment records been reconciled to the organization's level of insurance coverage?
    - Yes/No: ______ Comments: ____

ACCOUNTS PAYABLE / ACCOUNTS RECEIVABLE

33. Is there a schedule of unpaid invoices including vendor name, invoice date, and due date *(Withholding taxes are normally an item that is paid monthly or quarterly and therefore it would be considered an Accounts Payable).*
    - Yes/No: ______ Comments: ____
34. Are any of the account payable items significantly past-due *(All accounts payable must be on the Balance Sheet)?*
    - Yes/No: ______ Comments: ____
    ____
35. Are there any disputes with vendors over amounts owed?
    - Yes/No: ______ Comments: ____
36. If you utilize cash advances (Not Recommended) You will be required to set up an accounts receivable on the balance sheet until an invoice is received for that amount or greater. If utilized, is this being done correctly?
    - Yes/No: ______ Comments: ____

INSURANCE POLICIES

37. Does the Church have Insurance Coverage of at least $1 million per incident covering Liability, Counseling and especially Misconduct?
    - Yes/No: ______ Comments: ____
38. Is Workers' Compensation insurance being carried by the congregation? Normally cheaper if purchased from the state (Some states do not have coverage).
    - Yes/No: ______ Comments: ____

AMORTIZATION OF DEBT

39. Is there a schedule of debt including mortgages and notes on the Balance Sheet (Reminder: Church Credit Cards are debt instruments)?
    - Yes/No: ______ Comments: ____
40. Have the balances owed to all lenders been compared to the obligations recorded on the balance sheet?
    - Yes/No: ______ Comments: ____

SECURITIES AND OTHER NEGOTIABLE DOCUMENTS

41. Does the Church own any marketable securities or bonds? If so, are they kept in a safety deposit box, electronic storage, brokerage Account or other secure fireproof location?
    - Yes/No: ______ Comments: ____
42. Have the contents of the safety deposit box or safe been examined and recorded? This should be done at a minimum annually.
    - Yes/No: ______ Comments: ____

PERSONNEL MATTERS

43. Are applications for employment on file (if utilized)?
    - Yes/No: ______ Comments: ____
44. Are W-4 forms for each employee on file? (Required by code)
    - Yes/No: ______ Comments: ____
45. Are Personnel files in a fireproof location, backed up on the computer or web?
    - Yes/No: ______ Comments: ____
46. Is an Employee Handbook or Personnel Policy utilized? (ADGL template is available)
    - Yes/No: ______ Comments: ____
47. Is an I-9 form for each employee on file as required by law for all full and part time (clergy and laity)?
    - Yes/No: ______ Comments: ____
48. Was a resolution passed by the Vestry/Mission Council on file indicating the level of Clergy Housing Allowance with corresponding backup data which is required before 12/31 of the previous year end? (Required annually per tax code) – *Per Ministry Works (AKA Brotherhood Works) you cannot have 100% of your income designated for Housing at least $1 per year must be salary. (4-page Housing Allowance Template available).*
    - Yes/No: ______ Comments: ____
49. Is the W-2 Housing Allowance in Box 14 of the W2 (Required to be on a W2 in Box 14)? If it is not in box 14, engage a new payroll provider. *(Reminder: You cannot pay Social Security for Clergy. They are considered a sole proprietor under the tax code) The Diocese recommends the following provider: Brotherhood Works: https://www.brotherhoodmutual.com/works*
    - Yes/No: ______ Comments: ____
50. Concerning Health Benefits, Are you in Compliance with Federal and State Statutes? (Each congregation must have a written 125 Plan in order for the funding to be pre tax. If there is no 125 plan you must add the cost to the employees W2) If you are reimbursing the insurance premiums and/or health related costs for an employee (clergy or lay) **outside** of a group 125 plan or local church approved 125 plan, you must have one of the following plans in place in order to be potentially pre-tax. *The Vestry/Mission Council in most if not all cases will need to approve as well as administer a QSEHRA an ICHRA or an approved 125 Plan. An HSA is also another potential way forward to defer taxes. If there is **not** a plan and an administrator, the insurance premium payments or reimbursements will normally be fully taxable even if paid directly by the congregation. (The diocese utilizes Isolved Benefit Services – Contact Sherry Kirksy*

(704) 440-4971 Ext. 2272). Brotherhood Works also offers Benefit Services including Group Health 125 Plan, Dental, Vision, Life, Long Term Care, Short Term Care, ICHRA and QSEHRA To Request a quote go to: https://www.brotherhoodmutual.com/works
   - Yes/No: ______ Comments: ______________________________________

51. Are you paying HSA plan payments in accordance with the tax code? *(Required on the W2) to be nontaxable the employee must be enrolled in a high deductible health plan (HDHP), not be enrolled in Medicare, and the outlay of funds does not exceed the maximum under the code. (See your accountant and/or tax advisor for specifics).*
   - Yes/No: ______ Comments: ______________________________________
52. Do you have a Written Expense Reimbursement Policy approved by the Vestry/Mission Council? Required per the tax code. (ADGL template is available)
   - Yes /No: _____ Yr. Approved ______ Comments: _______________________
53. Do you have a Written Discretionary/Benevolent Fund Policy- with worksheets? It is required to protect the congregation's non-profit status. (ADGL template is available). Are you in compliance with the requirements?
   - Yes/No: ______ Yr. Approved ______Comments: _______________________
54. Do you have a Written Abuse Prevention Misconduct Policy with an Application (Application is required by law to perform background checks) (ADGL template is available). Are you in compliance?
   - Yes/No: _____ Yr. Approved ______ Comments: ________________________
55. Do you have a Written Code of Conduct Policy? Are you in compliance?
   a. Yes/No;_____ Yr. Approved_______ Comments:________________________
56. Do you have Written By-laws that are in compliance with the ADG Canons? Make sure there is *Indemnification language in the By Laws to protect both the staff and Vestry. Warning: Obviously the indemnification language should not be greater than your insurance coverage – Have your insurance carrier review the proposed Indemnification language. (ADGL template is available that meets the requirements of the new ACNA and ADGL Canons).* Are you in compliance?
   - Yes/No: _____ Yr. Approved ______ Comments: ________________________
57. Do you have a Conflicts of Interest Policy? It is often required by the state (Definitely required by the State of Ohio) for all non-profit corporations, (ADGL template is available). Are you in compliance?
   - Yes/No: _____ Yr. Approved ______ Comments: ________________________
58. Do you have an Anti-Harassment Policy? It is required or highly recommended by all insurance companies and may be required by your state (ADGL template Available) Are you in compliance?
   - Yes/No: _____ Yr. Approved ______ Comments: ________________________
59. Have all Clergy and Staff completed the Brotherhood Anti Harassment training as mandated by the ADGL Bishop Ordinary?
   - Yes/No: _____ Yr. Approved ______ Comments: ________________________
60. Do all clergy and staff have an annual review on file less than 12 months old? (Required by some insurance carriers - ADGL template is available)
   - Yes/No _______ Comments:____

61. Have all Clergy completed the Keeping your Sacred Trust or Guarding Your Heart training and Anti-Harassment training. (Check with Clergy and/or Diocese to review the completion certificates)?
    - Yes/No: ______ Comments: ____
62. Have all Clergy completed an Oxford Document Background Check as required by the Diocese (Contact the Diocesan office for Clergy status)?
    - Yes/No: ______ Comments: ____
63. Have all Clergy, Staff (Full and Part Time), Vestry/Mission Council Members as well as all Volunteers that work with children: (1) Completed the Youth Worker and Misconduct Coverage Application. (2) Had the appropriate level background check as required by the Diocese and/or your insurance carrier (The most lenient level is usually no more than every 3 years). (3) Completed Ministry Safe training within the last three years. Some states require fingerprinting in order to supervise or counsel children (Verify your state requirements). *(Vestry/Mission Council members are considered the Board of Directors of the non-profit corporation and are normally required by some if not most insurance carriers as a best practice to have a background check – Receive a written confirmation if waived or not required by the Insurance Company).*
    - Yes/No: ______ Comments: ____

FEDERAL STATE REPORTING OBLIGATIONS

64. Does the organization file on a timely basis the following forms(if applicable)? Federal payroll tax forms (Form 941, Form W-2, Form W-3, Form 1096, Form 1099 MISC, and Form 1099 NEC. In addition, IRS Form 990 or 990 EZ may be required depending on the types of income received by the local congregation, (If you receive rental payments from a person or organization using your facility you will most likely need to file Form 990 or 990 EZ- check with your accountant). Are you in compliance?
    - Yes/No: ______ Comments: ____
65. Are your filings with the State Current (Do you need to file a Certificate of Continued Existence Renewals - Ohio is every 5 years (Similar documents in Indiana, Michigan and Kentucky do not need to be renewed at this time).
    - Yes/No: Comments ____
66. Have you completed the appropriate "New Hire Forms" for your State?
    Ohio (www.oh-newhire.com),
    Michigan (https://www.michigan.gov/mdhhs/inside-mdhhs/mdhhscareers/new-hire-forms)
    Indiana (https://www.in-newhire.com/),
    Kentucky (https://ky-newhire.com/downloads/KY_New_Hire_Form.pdf) and
    New York (https://www.tax.ny.gov/bus/wt/newhire.htm) Are you in compliance?
    - Yes/No: Comments ____

67. Cell Phone reimbursement: (If the cell phone ownership and plan is under the corporation (church) then it is probably not a taxable event in that any personal use is considered as a de minimis fringe benefit) If the congregation is reimbursing personal cell phone expenses of a phone and/or plan **not** in the name of the congregation: It is

assumed by the IRS that some level of the usage on that cellphone is for personal use. If they are being reimbursed the individual per the tax code must keep a log on usage business versus personal. The congregation should receive from the person being reimbursed the percentage of the plan and/or cell phone expense that is for business use and that amount should be paid by the non-profit corporation (Congregation) to the individual (monthly, quarterly or annually). If the individual receives more than the actual business usage that difference will become taxable when they complete their IRS return. Some persons who do not want to keep a log have opted to have the reimbursement amount added to their annual earnings (or separate 1099 MISC) and pay a small amount of taxes (if any) on that amount. Are you in compliance?

- Yes/No: ______ Comments: ____

68. Laptop Computers (Desktop computers that remain in the church office are exempt from these requirements per tax code): If a laptop is purchased and given to a person and the warranty and ownership was registered in their name (not the congregation) it is a taxable event (See your tax accountant). If a laptop is purchased and the warranty is registered in the name of the Congregation (ownership remains with the congregation), a portion of the value of that laptop is normally considered for personal use by the IRS and is taxable. The recipient is required by the IRS to log usage both personal and business and the W2 (Or separate 1099 MISC) will be increased proportionately. This is similar to the cell phone reimbursement issue above. Some people, in order to not have to keep a log have opted to have the laptop registered in their name and the cost of the laptop added to their W2 income (or a separate 1099 MISC). Are you in compliance?
    - Yes/No: ______ Comments: ____

*Congregations Name*____

Financial and Records Review Team (At minimum of two (2) Individuals)

Name ____ *Date*________

Name ____ *Date*________

Name ____ *Date*________

Send scanned document to jeffsmead@adgl.us or if unable to scan mail to Jeff Smead 11725 Regent Park Drive, Chardon, Ohio 44024

This is a living document that is modified with changes in the tax codes, state statutes, insurance carriers and requirements by the ACNA and ADGL. If there are any questions, corrections or recommendations please contact The Ven, Canon Jeff Smead jeffsmead@adgl.us or 724.422.4230 (Cell).