

How to Identify Trust Funds

There may be times when you want to empty out an unused local fund, but you need to know first if its balance includes any “trust funds.” (*Tutorial #6630*) Or it’s the end of the year and you are getting ready to reclaim some excess Church Budget allocation balances, but you know you should confirm that everything you plan to transfer is trust-fund free.

So how do you know? If you can compare two numbers, you can do this! Read through this whole info sheet and illustrations until you understand the principles. Then follow the instructions to identify your own trust funds.

From Jewel home page, click on “Reports and Graphs,” then “Financial Summary.”

At the top of the Financial Summary, change the date range to “All” (very important!) and then click on “Detail.”

Print out that Financial Summary, then find a ruler or straight-edge of some sort and 3 colors of pens or pencils. I use black, red and green, but other colors would work just as well.

Financial Summary

Dates: All 01/01/13 To 12/31/20 Summary Detail

Account	Begin. Bal.	Deposits	Checks	Transfers	Ending Bal.
Janitorial Salaries			12,090.60	12,896.08	805.48
Janitorial Supplies			702.26	1,479.90	777.64
Expenses		628.00	4,217.64	5,415.23	1,825.59
Deacons Fund	2,028.40	4,185.06	6,183.06	854.87	885.27
Flower Fund	113.08	30.00	3,792.64	4,875.00	1,225.44
Health Evangelism		61.00			61.00
Prison Ministries	495.40	1,657.30	4,215.89	3,186.14	1,122.95
Personal Ministries	3,228.52	164.40	2,690.63		702.29
Rec. Fund		362.53	2,742.44	3,630.00	1,250.09

Choose an account
Draw a line

Pick a local fund. Draw a black line under it all the way across. In this case, it is the “Flower Fund.”

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If it has a balance in the “Beginning Balance” column and the “Deposits” column, add those two together. This tells us how much was donated to this local fund over the years 2013-2020. These Donated funds are called “Trust Funds.”

\$113.08 – Beginning Balance
\$30.00 – Deposits
\$143.08 – Total Trust Funds

Compare the total Trust Funds to the balance in the "Checks" column.

The Checks column tells us how much has been spent from the flower fund during the years 2013-2020.

So we have \$143.08 that was donated,

And \$3,792.64 that was spent.

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\$113.08 – Beginning Balance

\$30.00 - Deposits

\$143.08 – Total Trust Funds

Total Payments and purchases

\$3,792.64

The rule is, If more has been spent then was donated, then the donated funds are all spent and whatever is left in the "Ending Balance" column is NOT Trust Funds.

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NOT Trust Funds

\$113.08 – Beginning Balance

\$30.00 - Deposits

\$143.08 – Total Trust Funds

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Total Payments and purchases

\$3,792.64

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All Trust Funds have been spent

So, I circle that Ending Balance in green on my financial summary, so I know that the \$1,225.44 is safe money, not restricted in how it can be used.

Let's try "Personal Ministries." Start with drawing the line all the way across.

Add the "Beginning Balance" and the "Deposits" column balances together. We end up with \$3,392.92

Compare it to the balance in the "Checks" column, which is \$2,690.63.

And we see that what has been spent is less than what was donated, so that tells us that there are still Trust Funds left in Personal Ministries.

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\$3,228.52 – Beginning Balance

\$164.40 – Deposits

\$3,392.92 – Total Trust Funds

Total Payments and purchases

\$2,690.63

Financial Summary

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\$3,228.52 – Beginning Balance

\$164.40 – Deposits

\$3,392.92 – Total Trust Funds

Total Payments and purchases

\$2,690.63

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Not all Trust Funds have been spent

The difference between the two is \$702.29, which is exactly the Ending Balance.

So, I circle the Ending Balance in red on my financial summary, so I know that we cannot use those funds for anything else.

Do you see how it works? You can use this method to quickly check any local fund in question during a board meeting, or you can check all of the local funds on the financial summary at the end of the year, to find out how much Church Budget money is hiding out in them, left over at year's end.

The principle is the same even if some of the columns are empty.

For example: Janitorial Supplies. No Beginning Balance. No Deposits, which means no Trust Funds. So, the Ending Balance all came from Church Budget and could be transferred back to church budget if the board wished.

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No Beginning Balance
No Deposits
 No Trust Funds

No Trust Funds

Health Evangelism. There is a donation for \$61 but nothing has been spent. The \$61 is still there and it is all Trust Funds.

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\$61.00 Donation

None of it spent

All Trust Funds

Sometimes it is a bit more complicated. Like when part of the Ending Balance is Trust Funds but not all of it. Like the "Deacon's Fund"

The total of the Beginning balance and Deposit column donations is \$6,213.46.

Compare it to the balance in the "Checks" column, which tells us what has been spent, which is \$6,183.06.

Obviously, there are still

Trust Funds that have not been spent. If we subtract, we see that there are \$30.40 left of Trust Funds, but there is \$885.27 left in the Ending Balance column. So we have \$854.87 of Church Budget funds in the Ending Balance as well.

If I wanted to transfer the church budget portion of that local fund back into Church Budget, I could. But I would need to leave the \$30.40 in there to be spent on Deacon Fund things, whatever those happen to be.

So, I circle it in red and write \$30.40 next to it.

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\$2,028.40 Beginning Balance
 \$4,185.06 Deposits
\$6,213.46 Total Trust Funds

Total payments and purchases
\$6,183.06

\$30.40 Trust Funds left
\$854.87 of CB funds left

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Some Trust Funds \$30.40

Let me say here, just for clarity, it is not wrong to carry a Church Budget balance in a fund. A Local Fund such as Property and Liability Insurance needs to be accumulating all year to pay the annual bill.

But at the end of the year, in general, it is good church finance to reclaim excess Church Budget funds. And especially if your church is facing an unexpected financial need, knowing how to identify non-trust funds can be very, very useful.

Corresponding videos: 4.10 – How to Identify Trust Funds. Find at <https://www.gccsda.com/auditing/10963>

4.3 – Money That Can't Be Spent – Trust Funds

For more tutorials on IRS AND LABOR DEPT RELATED POLICIES, see section 6500 on the gccsda.org auditor webpage.

*This information has been brought to you by the Georgia-Cumberland Conference Audit Team
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