



Fund Accounting 101 with Icon Systems

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Purpose of this Guide

This guide is designed to do two things:

1. Offer a basic understanding of the differences between for-profit and non-profit, fund-based accounting.
2. To offer a basic understanding of setting up your funds, assets, and liabilities in Icon Systems.
3. Something to note: We will spend little time setting up the Chart of Accounts. This can be done gradually as needed.

Understand that accounting is a valuable tool for managing your church. How items will be reported is critical to properly setting up your accounting. This document will provide examples for building your chart of accounts and fund list, as well as guidance on managing them properly. If adequately managed, reporting tools will help remind you of incomplete tasks.

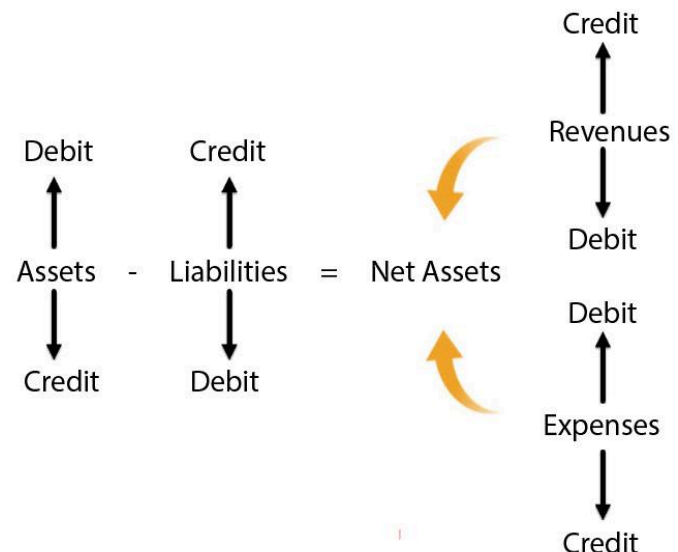
Debits and Credits

Against popular belief, debit does not mean minus, and credit does not mean plus. Debits and credits change depending on the type of account being used.

1. A debit increases an asset or expense account or decreases a liability or revenue account.
2. A credit increases a liability or revenue account or decreases an asset or expense account.

If you're wondering... then why does my bank give me a debit card that lowers the money in my bank account? The answer is... your bank account is an asset to you, but a liability to the bank. It's money they owe you, and a debit lowers a liability account.

Asset Accounts	Debit(+)	Credit(-)
Liability Accounts	Debit(-)	Credit(+)
Revenue Accounts	Debit(-)	Credit(+)
Expense Accounts	Debit(+)	Credit(-)



Net Assets: Assets minus liabilities equals net assets.
Net assets are your fund balances.

Nonprofit Fund-Based Accounting vs For-profit

- 1. Transaction Requirements: Every accounting transaction requires a Debit and a Credit, and the two must be equal in amount.** Nonprofit fund-based accounting requires a Debit, a Credit, and a Fund for each transaction. To emphasize the importance of how this works, let's review a few transactions.

For-profit Accounting Transaction: A company buys a computer for \$1,000. The transaction looks like this:

Account	Debit	Credit
Main Checking		\$1,000
Office Equipment Expense	\$1,000	

Nonprofit Fund-Based Transaction: A church buys a computer for \$1,000. The board approves the purchase using the General Fund. The transaction looks like this:

Account	Fund	Debit	Credit
Main Checking	General Fund		\$1,000
Office Equipment Expense	General Fund	\$1,000	

The two transactions are identical, except that the second includes a fund assignment. However, this can become more complicated. For example, a church buys \$3,000 worth of goods from Walmart. \$1,000 for landscaping, \$1,000 for office equipment, and \$1,000 for the music department. The Church Board approves the use of the Building Fund, General Fund, and Music Fund. If this transaction were done with a for-profit accounting system, it would look like this:

Account	Debit	Credit
Main Checking		\$3,000
Landscaping Expense	\$1,000	
Office Equipment Expense	\$1,000	
Hymnal Expense	\$1,000	

A Fund-Based transaction would look like this:

Account	Fund	Debit	Credit
Main Checking	Building Fund		\$1,000
Landscaping Expense	Building Fund	\$1,000	
Main Checking	General Fund		\$1,000

Office Equipment Expense	General Fund	\$1,000	
Main Checking	Music Fund		\$1,000
Hymnal Expense	Music Fund	\$1,000	

By reviewing the transaction, we can see that \$3,000 came out of the Main Checking account, but three different funds were used during the transaction. The transaction looks very different from the for-profit accounting system. The Main Checking account required three separate line items to account for the different funds.

Before the Walmart transaction, our main checking account had a balance of \$25,000. The \$25,000 was dispersed among four funds. General Fund (\$15,000), Building Fund (\$6,000), Music Fund (\$2,000), and Memorial Fund (\$2,000). It would look like:

Account	Fund	Balance
Main Checking	General Fund	\$15,000
Main Checking	Building Fund	\$6,000
Main Checking	Music Fund	\$2,000
Main Checking	Memorial Fund	\$2,000
		=====
Total Main Checking		\$25,000

After the Walmart transaction occurred above, the Main Checking would be adjusted to look like:

Account	Fund	Balance
Main Checking	General Fund	\$14,000
Main Checking	Building Fund	\$5,000
Main Checking	Music Fund	\$1,000
Main Checking	Memorial Fund	\$2,000
		=====
Total Main Checking		\$22,000

Before fund accounting, some churches would go to the bank and create multiple checking and savings accounts to track funds. Other churches would place the balances in a spreadsheet and require the treasurer to update the spreadsheet after every transaction. Switching to a proper fund-based accounting system, such as Icon Systems, Inc, that displays fund balances of your assets will make it dramatically easier to account for the dollars in the church.

2. Equity versus Funds:

- (a) For-Profit Standard Accounting: **Assets – Liabilities = Equity.**
- (b) Nonprofit Fund Accounting: **Assets – Liabilities = Net Assets or Assets – Liabilities = Funds**
- (c) The Term "Net Asset" is often used to refer to a Fund, but a Fund does not always refer to a Net Asset. This will be explained in greater detail under the **Defining Funds** section below.
- (d) In a for-profit standard accounting system, a company will have equity accounts. Equity accounts reflect the company's ownership and the current year's profit/loss. The current year's profit/loss is typically reflected in a reserved account called Retained Earnings. At the end of the year, Retained Earnings are transferred to the respective owner's equity accounts based on an owner's percentage of ownership. This zeros the Retained Earnings account, allowing the new year to start at zero.
- (e) In a nonprofit fund-based accounting system, Funds will hold their balance at the end of the year.

Basic Guidelines to consider for your Accounting System

Your chart of accounts should **not** have the word "fund" anywhere. Funds and accounts are different. The word "fund" in an account name makes using the system confusing because it's harder to differentiate a fund from an account.

An Income Statement or Profit and Loss is called a **Statement of Activities** in non-profit accounting.

- The Income Statement is made up of Revenue and Expense accounts.
- The purpose of this report is to provide a financial snapshot over a given period of time.
- Revenue and Expense accounts do not hold a balance. If you print a report and zero transactions have occurred for an account in the date range specified, the account will not appear on the report.

A Balance Sheet is called a **Statement of Financial Position** in non-profit accounting.

- The Balance Sheet is made up of Assets and Liabilities.
- The purpose of this report is to provide a point-in-time visual of your financial status.
- Assets and Liabilities hold balances. Consider your savings account. Just because no transactions were processed against it for a period of time does not mean the balance goes to zero. The savings account balance will exist until a transaction is processed against it.

Creating accounts can make things easier if you suffix each account with its type. Example: 'Offerings' by itself doesn't tell you much. However, 'Offering Rev' tells you that the Offering account belongs to Revenue. When entering Pass-Through Liability accounts, use something like 'World Hunger Liab'.

Defining Funds

Please keep in mind that it's impossible to detail all the ways in which a user may define and use funds in the accounting system. The term fund is often overly vague. Users must break that definition down and define each one separately. What we describe here is simply a suggestion for managing funds, and it should not be construed as the only way to accomplish a task. Icon Systems has two straightforward methods for defining funds and Pass Through Money

1. **Donation Funds:** These are funds the congregation may donate to, and that will appear on your members' donation statements at the end of each year. You can find these funds by going to Donations → Funds & Donations
2. **Accounting Funds:** These are the funds that the organization uses to track how money is received, spent, held, and owed. You can find these funds by going to General Ledger → Funds → Accounting Funds.
3. **Pass-Through Money:** This is money that comes into the church and is intended for another organization or charity. **Note:** For clarity, we will **NOT** use the term "Fund" when referring to pass-through money, as it does not belong to the organization. **Refer to Pass-Through Money** below for more information.

Donation Funds are often abbreviated as **D-Funds**, and **Accounting Funds** as **A-Funds**. D-Funds do not necessarily have a one-to-one comparison with A-Funds. For example, you may have two deceased individuals in a year (John Anderson and Mary Smith). You will most likely create two memorial D-Funds and label them "Memorial John Anderson" and "Memorial Mary Smith". But on the accounting side, you will have a single A-Fund called Memorials. You may also not have a corresponding A-Fund. For example, you may have a D-Fund called World Hunger, which is not defined as an A-Fund but is instead defined as Pass-Through Money on the accounting side. Refer to Pass-Through Money below for more information.

Pass-Through Money

Most churches collect donations on behalf of missions, which are usually sent directly to those missions. However, most churches do not want this money to affect their accounting, so we have designed a unique way to manage this process by creating a pass-through account.

1. Create a Pass-Through called World Hunger:
2. Go to General Ledger → Chart of Accounts → Add New Account.

Add a New Account

Account Type	Liabilities	▼
Liabilities	Other Current Liabilities	▼
Type Detail	Other Misc Current Liabilities	▼
Sub-account of	Pass Through Liab	▼
Account Name	World Hunger Liab	
Description	optional	

Save

Close

3. Select Liabilities, Other Current Liabilities, Other Misc Current Liabilities, and set your 'Sub-Account of' to Pass-Through Liab. If Pass-Through Liab does not yet exist, create it first and then add the World Hunger Liab.

How do World Hunger dollars pass through Icon Systems to the World Hunger mission? Donations given to the D-Fund World Hunger in the donations module will link to the accounting side. Icon Systems requires the Accounting Fund, Checking (debit), and Revenue/liability (credit) fields to be defined to correctly link D-funds to the accounting system.

- Go to Donations: Funds & Donations
 - Select the World Hunger D-Fund.
 - Once it populates to the right, select the appropriate options in the following dropdown menus to set up your "Accounting Link."
1. **Accounting Fund:** We must define which A-Fund the D-Fund will affect.
 2. **Checking (Debit):** We must define which bank account the money will be deposited into.
 3. **Revenue/Liability (Credit):** We must define which account will reflect the offset of the deposit.

Year	Name	Donated	Accounting Fund	Checking (Debit)	Revenue/Liability (Credit)
Search...					
2025	World Hunger	\$500.00	General Fund	Assets : Checking	Liabilities : World Hunger

For example, we will deposit money into the checking account and the World Hunger Liab, and the entire transaction will be applied to the General Fund. Yes, you read that correctly. We applied the World Hunger dollars to the General Fund. So it will look like:

1. Accounting Fund: General Fund
2. Checking (Debit): Checking
3. Revenue/Liability (Credit): World Hunger Liab

Using it in this capacity, the pass-through money will never hit a Revenue or Expense account. The money comes into the Liability and exits through the liability. Because Liabilities hold balances, the treasurer can print a Statement of Financial Position at the end of each month for the General Fund and review the Liabilities section of the report. If any balances remain in the Pass-Through section, the treasurer can write a check for that mission using the General Fund and apply it to the corresponding liability. Here is an example of what that check may look like:

Enter Check

Bank Account	Checking	Balance	\$154,668.25	Check #	45
Pay to the Order of	World Hunger Inc.	Add Vendor		Date	05/09/2025
Check Memo				Dollar Amount	500.00

Vendor History

Date	Amount	Doc #	Memo
There are no records to show.			

+/-	Fund	Account Type	Account	Debit	Memo
-	General Fund	Liabilities	World Hunger	500.00	World Hunger

Stage 1: Prepare and Enter Liquid Assets

Before entering data into Icon Systems, you must have some information organized so that the transition is done correctly and efficiently. Some of these items you must have, and others are optional.

1. Fiscal Year:

Most churches run their fiscal year the same as the calendar year, but not always. If your Fiscal Year is perhaps from July to June, then the first month of your fiscal year is July. Go to Settings → Setup → Information in Icon Systems and set your first month of the fiscal year. For our examples, we will be using January as the first month of our fiscal year.

2. Point in Time:

When do you plan to start using the system? This is important as every dollar you enter needs to be recorded once you start using Icon Systems. If you plan to start using Icon on April 1st, March will be your beginning Balance month. Go to Settings → Setup → Information and set the Beginning Balance Date to March 15th of whatever year you're in. For example, we will enter the beginning balances as of March 15th, 2026.

3. Define Accounting Funds and Pass-Through Money:

For our example, we are going to use the following:

Accounting Funds	Pass-Through Money
General Fund Property Fund Youth Fund Senior Fund	World Hunger Liab Mississippi Flood Liab Oklahoma Dorothy Liab Homeless Assoc Liab

To create the A-Funds, go to General Ledger → Funds → Accounting Funds. The General Fund should already exist, so you only need to add a Property Fund, Youth Fund, and Senior Fund.

General-Ledger : Accounting Funds ↻ ? help

Add New Fund ☒ Hide Closed and Inactive

Fund Name	Fund Type	Fund Status
Search...		
General Fund	Unrestricted ▼	Active ▼
Property Fund	Unrestricted ▼	Active ▼
Senior Fund	Unrestricted ▼	Active ▼
Youth Fund	Unrestricted ▼	Active ▼

To create Pass-Through Money accounts, go to General Ledger → GL → Chart of Accounts, and click 'Add New Account.' Select Liabilities, Other Current Liabilities, Other Misc Current

Liabilities, and set your 'Sub-Account of' to Pass-Through Liab. If Pass-Through Liab does not yet exist, create it first and then add your liability accounts.

General-Ledger : Chart of Accounts




Add New Account		Select an account to modify or delete or press Add New Account to add an account				Account List
Account Name	Account Type	Category - Detail	+	Status	Required	⚙️ 🔍
Search...						
Pass Through	Liabilities	Other Current Liabilities : Other Misc Current Liabilities	Credit	Active	N	
....Convoy of Hope	Liabilities	Other Current Liabilities : Other Misc Current Liabilities	Credit	Active	N	
....Habitat for Humanity	Liabilities	Other Current Liabilities : Other Misc Current Liabilities	Credit	Active	N	
....World Hunger	Liabilities	Other Current Liabilities : Other Misc Current Liabilities	Credit	Active	N	
....World Vision	Liabilities	Other Current Liabilities : Other Misc Current Liabilities	Credit	Active	N	

4. Liquid Assets:

Defined as cash on hand or items that can quickly be converted to cash. Most churches have a checking and savings account.

Locate the bank statements for all bank accounts. In our example, we will have two bank accounts: Checking and Savings. The Checking will have \$25,000, and the Savings will have \$55,000. In this example, we will have one outstanding check from the General fund for \$200. Below is the breakdown of each account.

Account	Fund	Amount	Liability
Checking	General Fund	\$14,800	Convoy of Hope (\$200) Habitat for Humanity (\$100) World Hunger Liability (\$300) World Vision (\$600)
Checking	Youth Fund	\$6,000	
Checking	Senior Fund	\$4,000	
Savings	Property Fund	\$45,000	
Savings	General Fund	\$10,000	

The table shows that the General Fund currently has \$14,800, but \$1,200 is earmarked as pass-through money. The savings account is primarily for property improvements, with \$10K belonging to General.

Before we can enter the beginning balance, we must create the accounts. Go to General Ledger → GL → Chart of Accounts. If you have any predefined checking, savings, money market, petty cash, or certificates of deposit that do not belong, delete them now. Once cleaned up, add the new accounts by clicking the **Add New Account** Button. In our sample, we only have one

checking account and one savings account. A well-defined Account name will help if you have multiple checking accounts. Example: Bell Bank Checking

Add a New Account

Account Type	Assets	▼
Assets	Bank	▼
Type Detail	Checking	▼
Sub-account of	Not a sub-account	▼
Account Name	Checking	
Description	optional	

Save

Close

5. Defining Primary Account:

Once you have finished entering all your checking, savings, money market, etc., accounts, you should define which account is your primary one. To do so, go to Settings → Preferences → Banking Preferences. Set the Default Checkbook to use.

Settings : Banking Preferences

? help

Account Name

Checking	▼	Default Checkbook to Use
Oth - Bank Interest	▼	Default account for recording interest from the bank
Oth - Bank Service Charges	▼	Default account for recording service charges from the bank
☒ Track Credit Card Fees in Donations Enter Window		
Oth - Bank Service Charges	▼	Default account for Credit Card fees in Donations Entry window

Save Defaults

Default Check Format

ICO-2113

Check Book Preferences

- ☒ Checks are pre-numbered
☐ Print check number on each check

Credit Card Preferences

Account Name

Oth - Credit Card Charges	▼	Default account for recording any credit card service charges
---------------------------	---	---

Save Defaults

6. Beginning Balance:

Now, you are ready to enter the beginning balances. To enter Beginning Balance information, go to General Ledger → Funds → Beginning Balances.



General-Ledger : Beginning Balances



? help

Beginning Balances: This window should only be used to enter the initial balances of accounts. Information entered will not appear in GL until Posted. Post Beginning Balances sends the entered information to the General Ledger. Unpost Beginning Balances will remove all beginning balances posted to the General Ledger. This will not clear the amounts entered on this window. The posting Date can be changed by going to Setup -> Information.

Post Beginning Balances

Unpost Beginning Balances

Beginning Balance Date to be Posted: December 2024

Account	Balance	Allocate	Account Type	Account SubType
Search...				
Checking	\$24,800.00		Bank	Checking
Savings	\$55,000.00		Bank	Savings
Accounts Receivable	\$0.00		Accounts Receivable	Accounts Receivable
Allowance for bad debts	\$0.00		Accounts Receivable	Allowance for bad debts
Church Building	\$500,000.00		Fixed Assets	Buildings
Church Land	\$400,000.00		Fixed Assets	Land
Parking Lot	\$25,000.00		Fixed Assets	Land
2024 Transit Van	\$80,000.00		Fixed Assets	Other Fixed Assets
Accounts Payable	\$0.00		Current Liabilities	Accounts Payable
Credit Card Payable	\$0.00		Current Liabilities	Credit Card Payable
...Discovery Card	\$0.00		Current Liabilities	Credit Card Payable
Sales Tax Payable	\$0.00		Other Current Liabilities	Sales/Use Tax Payable
Pass Through Liability	\$0.00		Other Current Liabilities	Other Misc Current Liabilities

The window opens to a list of all assets and liabilities set up in the Chart of Accounts. The balance column will display the balance calculated from the Allocate window. To enter balances for the accounts, click on the edit icon under the 'Allocate' field. For accounts set up as Checking, the window will be split into two sections: Bank Statement Balances and Unreconciled Transactions.

Bank Statement Balance: This section represents the current balance on the bank statement. Nonprofit fund accounting requires that all dollars be accounted for within the fund balances. This window allows you to split the balance appropriately among the funds. Each fund balance entered will increase the Calculated Balance at the top of this window.

Unreconciled Transactions: This section includes all outstanding transactions, including checks written but not yet cashed and deposits not yet posted and still in transit.



Account: Checking

Calculated Balance: \$24,800.00

Bank Statement Balance

+/-	Fund	Amount	
-	General Fund	15,000.00	
-	Youth Fund	6,000.00	
-	Senior Fund	4,000.00	
+			
Total:		\$25,000.00	

Unreconciled Transactions

+/-	Action Type	Fund	Amount	Ref #	Vendor	
-	Unreconciled Check	General Fund	-200.00	1001	Fargo Advertising	
+						
Total:			\$-200.00			

Close

As you enter the balances and unreconciled transactions, the calculated balance will update and should match the checkbook register balance. This is what will appear on the balance sheet for the account balance.

All changes are automatically saved. Click 'Close' to select another account. Follow these steps for all asset and liability accounts to establish their balances in Icon Systems' software.

Congratulations! If you made it here, you have entered all your liquid assets, funds, and Pass-Through information. Let's post your information and print a Statement of Financial Position to see exactly what you have.

On the Beginning Balances window, click the **Post Beginning Balances** button. You can continue to edit the beginning balances even after they are posted. You would need to click 'Post Beginning Balances' each time to update the General Ledger with those changes. You can continue to make changes in this window until you reconcile those transactions in Icon; at that time, edits will be disabled.

Once posted, go to General Ledger → GL → GL Reports and select the Statement of Financial Position report. Since we used December 15th, 2024, as our beginning balance date, the report date can be 12/31/2024. Here is our current Statement of Financial Position (Balance Sheet).

Things to notice:

1. The Checking account reflects the unreconciled balance.
2. We can see that we owe money by viewing the four pass-through liability accounts.
3. The funds at the bottom reflect the values of Assets minus the Liabilities.
4. Notice that the Property Fund is \$45000. This will show dramatically higher once we enter the Fixed Assets.

Sample Organization

Statement of Financial Position For All Funds as of 12/31/2024

Assets	
Bank	
Checking	24,800.00
Savings	55,000.00
Total Bank	79,800.00
Total Assets	79,800.00
=====	
Liabilities	
Other Current Liabilities	
Pass Through Liability	
Convoy of Hope	200.00
Habitat for Humanity	100.00
World Hunger Liability	300.00
World Vision	600.00
Total Pass Through Liability	1,200.00
Total Other Current Liabilities	1,200.00
Total Liabilities	1,200.00
=====	
Net Assets	
Unrestricted	
General Fund	23,600.00
Total Unrestricted	23,600.00
Restricted	
Property Fund	45,000.00
Senior Fund	4,000.00
Youth Fund	6,000.00
Total Restricted	55,000.00
Total Net Assets	78,600.00
=====	
Total Liabilities + Net Assets	79,800.00
=====	

Stage 2: Enter your Fixed Assets

What are Fixed Assets? Fixed Assets are items that have value but are not easily converted to cash. Examples might be Church Buildings, Parking Lots, Vans, etc. For our example, we will keep it relatively simple. Our sample church will have Church Land (400K), a Church Building (\$500K), a Parking Lot (\$25K), and a 2020 Ford Transit Van (\$80K) as its fixed assets. These items should be set up in the Chart of Accounts.

1. Create the Fixed Assets:

So, let's start. Go to General Ledger → GL → Chart of Accounts. There may be some default accounts already in the chart of accounts for Fixed Assets. Remove them first. Then, enter the accounts through the “Add New Account” button.

General-Ledger : Chart of Accounts 🔔 ? help

[Add New Account](#) [Select an account to modify or press Add New Account to add an account](#) Account List

Account Name ▾	Account Type ▾	Category - Detail ▾	+ ▾	Status ▾	Required ▾	⚙️ 🔍 ⬆️
Search...						
Church Building	Assets	Fixed Assets : Buildings	Debit	Active	N	
Parking Lot	Assets	Fixed Assets : Land	Debit	Active	N	
Church Land	Assets	Fixed Assets : Land	Debit	Active	N	
2024 Transit Van	Assets	Fixed Assets : Other Fixed Assets	Debit	Active	N	

Notice the slightly different Category – Detail for each. For example, the 202 Transit Van is not a Building, so ‘Other Fixed Assets’ would be more appropriate.

Enter beginning Balances for Fixed Assets:

Unlike checking accounts, fixed assets can only be applied to a single fund. That is a restriction of the Beginning Balance window. If you would like the Fixed Assets split between funds, which is extremely rare, you will have to do this manually.

We will use the Property Fund. Many churches will use the General Fund rather than a Property Fund, which works fine. The advantage of using a Property Fund over the General Fund is that it won't over-inflate the Statement of Financial Position when strictly viewing the General Fund. It provides a more basic, liquid-style report, whereas the Statement of Financial Position for the Property Fund provides a clear view of hard assets.

Church Building	\$500,000.00		Fixed Assets	Buildings
Church Land	\$400,000.00		Fixed Assets	Land
Parking Lot	\$25,000.00		Fixed Assets	Land
2024 Transit Van	\$80,000.00		Fixed Assets	Other Fixed Assets

Once complete, go ahead and post the beginning balances again and rerun the Statement of Financial Position. Below is our example:

View the Results of entering Fixed Assets:

Notice the Property Fund at the bottom. It is a sum of the Fixed Assets and the \$45K in the Savings account. When we print this report for all funds, you can't see the breakdown of the Checking and Savings accounts.

Sample Organization

Statement of Financial Position For All Funds as of 12/31/2024

Assets		
Bank		
Checking		24,800.00
Savings		55,000.00
Total Bank		79,800.00
Fixed Assets		
Church Building		500,000.00
Church Land		400,000.00
Parking Lot		25,000.00
2024 Transit Van		80,000.00
Total Fixed Assets		1,005,000.00
Total Assets		1,084,800.00
		=====
Liabilities		
Other Current Liabilities		
Pass Through Liability		
Convoy of Hope	200.00	
Habitat for Humanity	100.00	
World Hunger Liability	300.00	
World Vision	600.00	
Total Pass Through Liability		1,200.00
Total Other Current Liabilities		1,200.00
Total Liabilities		1,200.00
		=====
Net Assets		
Unrestricted		
General Fund		23,600.00
Total Unrestricted		23,600.00
Restricted		
Property Fund		1,050,000.00
Senior Fund		4,000.00
Youth Fund		6,000.00
Total Restricted		1,060,000.00
Total Net Assets		1,083,600.00
		=====
Total Liabilities + Net Assets		1,084,800.00
		=====

Let's look at the report for just the Property Fund:

Sample Organization

Statement of Financial Position For Property Fund as of 12/31/2024

Assets	
Bank	
Savings	45,000.00
Total Bank	45,000.00
Fixed Assets	
Church Building	500,000.00
Church Land	400,000.00
Parking Lot	25,000.00
2024 Transit Van	80,000.00
Total Fixed Assets	1,005,000.00
Total Assets	1,050,000.00
=====	
Net Assets	
Restricted	
Property Fund	1,050,000.00
Total Restricted	1,050,000.00
Total Net Assets	1,050,000.00
=====	
Total Liabilities + Net Assets	1,050,000.00
=====	

Here is the Statement of Financial Position for just the General Fund:

Sample Organization

Statement of Financial Position For General Fund as of 12/31/2024

Assets	
Bank	
Checking	14,800.00
Savings	10,000.00
Total Bank	24,800.00
Total Assets	24,800.00
=====	
Liabilities	
Other Current Liabilities	
Pass Through Liability	
Convoy of Hope	200.00
Habitat for Humanity	100.00
World Hunger Liability	300.00
World Vision	600.00
Total Pass Through Liability	1,200.00
Total Other Current Liabilities	1,200.00
Total Liabilities	1,200.00
=====	
Net Assets	
Unrestricted	
General Fund	23,600.00
Total Unrestricted	23,600.00
Total Net Assets	23,600.00
=====	
Total Liabilities + Net Assets	24,800.00
=====	

Stage 3: Mortgages

Overview:

Most churches will have a mortgage. We've already added the church to the fixed assets. But we need to create a Liability account to track the loan balance. We also need an expense account to record the loan interest. Bank loans are considered “**Notes**,” so we will create this loan under the Notes Payable section of the Chart of Accounts. Interest is not considered an “operating” expense but an “Other” expense.

1. **Enter the Mortgage Balance:** Go to General Ledger → GL → Chart of Accounts, and click ‘Add New Account.’ Here are the two screenshots to create the accounts needed:

Add a New Account [\(help?\)](#)

Account Type	Expenditures ▼
Expenditures	Other Expenses ▼
Sub-account of	Not a sub-account ▼
Account Name	Loan Interest
Description	optional
Functional Expense {Optional}	Select... ▼

Add a New Account [\(help?\)](#)

Account Type	Liabilities ▼
Liabilities	Long Term Liabilities ▼
Type Detail	Notes Payable ▼
Sub-account of	Not a sub-account ▼
Account Name	Mortgage
Description	optional

Once the two accounts are set up, enter the current mortgage balance in the beginning balance window and record it to the General Fund. Why the General Fund and not the Property Fund? Most mortgages are paid from the General Fund, so changing it to the Property Fund would only add steps to your task. Keeping it all in the General Fund makes it simple and less prone to human error.

Account: Note Payable - Mortgage

Balance

+/-	Fund ▼	Amount ▼
-	General Fund ▼	200,000.00
+		

In our sample, we still owe \$200,000.

If we post the beginning balances, this is our new Statement of Financial Position. We are close to having a clear, accurate Statement of Financial Activities that accurately reflects the church's financial status.

Sample Organization

Statement of Financial Position For All Funds as of 12/31/2024

Assets	
Bank	
Checking	24,800.00
Savings	55,000.00
Total Bank	79,800.00
Fixed Assets	
Church Building	500,000.00
Church Land	400,000.00
Parking Lot	25,000.00
2024 Transit Van	80,000.00
Total Fixed Assets	1,005,000.00
Total Assets	1,084,800.00
=====	
Liabilities	
Other Current Liabilities	
Pass Through Liability	
Convoy of Hope	200.00
Habitat for Humanity	100.00
World Hunger Liability	300.00
World Vision	600.00
Total Pass Through Liability	1,200.00
Total Other Current Liabilities	1,200.00
Long Term Liabilities	
Note Payable - Mortgage	200,000.00
Total Long Term Liabilities	200,000.00
Total Liabilities	201,200.00
=====	
Net Assets	
Unrestricted	
General Fund	-176,400.00
Total Unrestricted	-176,400.00
Restricted	
Property Fund	1,050,000.00
Senior Fund	4,000.00
Youth Fund	6,000.00
Total Restricted	1,060,000.00
Total Net Assets	883,600.00
=====	
Total Liabilities + Net Assets	1,084,800.00
=====	

You may have additional information to enter into the beginning balance window, but we have covered, in good detail, how to enter the majority of what most churches will need. The last step is our first bank reconciliation.

Stage 4: The First Bank Reconciliation

The first reconciliation differs from most in that you won't be marking transactions from your bank statement, but instead marking the beginning balances that have already been entered.

Reconciling beginning balances is essential because any unreconciled transactions will continue to appear as needing reconciliation in future reconciliations.

1. Go to Banking: Reconcile Account. Select the account to reconcile and click 'Add Statement.'
2. Enter a Statement date. The date you choose should be the date of your beginning balances. In this example, we're using 12/15/2024 to match our beginning balance date.

Banking : Reconcile Account ? help

Account: Checking Add Statement Reconcile Account

From 01/01/2024 to 12/31/2024

Statement Date	Beginning Balance	Ending Balance	Service Charges	Deposits	Withdrawals	Edit Reconcile	Status	Unpost	Delete
12/15/2024	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		Unposted		

3. The Beginning Balance should be set to \$0.00
4. The Ending Balance should be set to the ending balance on 12/31/2024, which will be the same as the beginning balance on your first true reconciliation. In this example, \$25,000.
5. Click on the 'Edit Reconcile' icon to open the reconciliation window.
6. Click to mark the transactions with the BBAL label that **are not** outstanding deposits or checks. You will need to reconcile outstanding transactions when they clear the bank.

Account: Checking Reconcile Statement 12/15/2024

Beginning Balance	Interest	Service Charges	Net Transactions	Calculated Balance	Ending Balance
\$0.00	\$0.00	\$0.00	\$25,000.00	\$25,000.00	\$25,000.00

Interest Account: Bank Interest Service Charges Account: Bank Service Charges Fund for Interest & Service Charges: General Fund

Transactions

☐ Mark All	Date	Deposits	Withdrawals	Payee	Ref. #
☒	12/16/2024	\$15,000.00		Reconciled Balance	
☒	12/16/2024	\$6,000.00		Reconciled Balance	
☒	12/16/2024	\$4,000.00		Reconciled Balance	
☐	12/16/2024		\$-200.00	Fargo Advertising	

Total Debits \$25,000.00 Total Credits \$0.00

Print ☐ Include unreconciled transactions in report

Remaining balance: \$0.00

Close Reconcile Post Statement

- In the example above, the account balance at the end of 2024 is \$25,000. That balance is used to start 2025. The outstanding check should not be marked until it clears the bank, so the only transactions to mark are those labeled “Reconciled Balance”.

7. When all transactions are marked as reconciled, click ‘Post Statement’ at the bottom.

Now, let's validate the system to ensure that the balance in Icon matches our bank statement. Go to Banking → Enter Transactions. On the bottom half of the screen, under Checkbook Activity, press the **Print** button in the middle of the window. Enter a large date range, such as 01/01/2025 to 12/31/2025. Filter it by **Reconciled Statement Date** and press **Print**. The report should look like this:

Sample Organization

CheckBook Register for Checking - 01/01/2024 to 12/31/2024

Ordered by: Reconciled Date

Date	Check #	Payee	Reconciled	Payment	Deposit	Balance
12/16/2024		Reconciled Balance	12/15/2024		15,000.00	15,000.00
12/16/2024		Reconciled Balance	12/15/2024		6,000.00	21,000.00
12/16/2024		Reconciled Balance	12/15/2024		4,000.00	25,000.00
12/16/2024		Fargo Advertising		200.00		24,800.00
		Reconciled total		0.00	25,000.00	
		Unreconciled total		200.00	0.00	
		Column total		200.00	25,000.00	

Things to notice:

1. The 4th column is the Reconciled column. The last entry for 12/15/2025 has a right-hand balance of \$25,000, which matches what our Reconcile Account window displays and the Bank Statement's ending balance. This is precisely what we want.
2. The report also displays all unreconciled entries, so the last entry on the window will display our unreconciled balance.
3. This is a great report to ensure you are balanced to the penny with the Bank.

You're All Set!