

**AGREED UPON PROCEDURES
FOR
THE CHURCH OF THE GOOD SHEPHERD
FINANCIAL STATEMENTS
DECEMBER 31, 2016**

THE CHURCH OF THE GOOD SHPEHERD
Rocky Mount, NC
December 31, 2016

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To the Audit Committee and Senior Warden
Of The Church of The Good Shepherd

I have performed the procedures enumerated in the audit guidelines for congregations, which were agreed to by the Audit Committee and Senior Warden of the Church of the Good Shepherd and the Episcopal Diocese of North Carolina, solely to assist you in connection with meeting the audit requirements of the Episcopal Diocese of North Carolina. The accompanying financial statements-modified cash basis of the church of the Good Shepherd as of December 31, 2016 and for the year then ended, as listed in the table of contents. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Audit Committee and Senior Warden of the Church of the Good Shepherd and The Episcopal Diocese of North Carolina. Consequently, I make no representation regarding the sufficiency of the procedures for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

I performed the audit steps, as enumerated in Chapter V1: audit guidelines for congregations.. I found no exceptions as a result of these procedures except the following:

Notes to October Disbursements Review:

None

Notes to October Receipts Review:

None

Notes to March Disbursements Review:

None

Notes to March Receipts Review:

None

Notes to DAY SCHOOL October Disbursements Review:

None

Notes to DAY SCHOOL October Receipts Review:

None

Notes to DAY SCHOOL March Disbursements Review:

None

Notes to DAY SCHOOL March Receipts Review:

None

Opinion

I was not engaged to, and did not, perform an audit as defined by the Generally Accepted Auditing Standards of the United States of America, the objective of which would be the expression of an opinion on the accompanying financial statements, internal controls and fraud risk. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you. Upon review of the sample disbursements and receipts, balance sheet, revenues/expenditures, bank and investment statements, note payables, pledge receivables and fund balances, in accordance with the Diocese of North Carolina Canon 17 (Business Methods in Church Affairs), I believe the following financial statements within this report are free from material misstatement and fairly represent the financial position of The Church of The Good Shepherd of Rocky Mount, NC.

This report is intended solely for the information and use of the Audit Committee & Senior Warden of The Church of the Good Shepherd and The Episcopal Diocese of North Carolina and is not intended to be and should not be used by anyone other than these specified parties.



Bryan H Stone, MAcc
10/20/17

THE CHURCH OF THE GOOD SHEPHERD
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2016

<u>Designated Funds</u>	<u>Endowment Funds</u>	<u>Church Totals</u>	<u>Day School Fund</u>	<u>Totals</u>
\$ 212,409	\$ -	<u>226,232</u>	\$ 41,120	\$ 267,352
-	1,555,385	<u>1,555,385</u>	-	1,555,385
-	-	-	-	-
-	-	1,990	1,363	3,353
-	-	7,113,254	23,698	7,136,952
-	-	<u>174,010</u>	-	<u>174,010</u>
<u>\$ 212,409</u>	<u>\$ 1,555,385</u>	<u>\$ 9,070,872</u>	<u>\$ 66,181</u>	<u>\$ 9,137,052</u>
\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
-	-	-	-	-
-	-	34	285	319
-	-	-	-	\$ -
-	-	-	400	400
-	-	<u>34,333</u>	-	<u>34,333</u>
-	-	<u>59,367</u>	<u>685</u>	<u>60,052</u>
-	-	-	-	-
-	-	7,243,710	22,986	7,266,696
212,409	-	212,409	295	212,704
-	1,199,647	1,199,647	-	1,199,647
-	324,103	324,103	-	324,103
-	25,521	25,521	-	25,521
-	6,114	6,114	-	6,114
-	-	-	42,215	42,215
<u>212,409</u>	<u>1,555,385</u>	<u>9,011,504</u>	<u>65,496</u>	<u>9,077,000</u>
<u>\$ 212,409</u>	<u>\$ 1,555,385</u>	<u>\$ 9,070,872</u>	<u>\$ 66,181</u>	<u>\$ 9,137,052</u>

**THE CHURCH OF THE GOOD SHEPHERD
STATEMENT OF RECEIPTS AND EXPENDITURES – MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2016**

<u>Fixed Asset Fund</u>	<u>Designated Funds</u>	<u>Endowment Funds</u>	<u>Day School Fund</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ 335,555
-	-	-	-	6,434
-	-	-	-	-
-	-	-	-	134
-	-	-	-	-
-	-	-	-	1,967
-	-	-	-	75,000
-	\$ 99,163	-	-	111,490
-	-	-	-	-
-	-	-	-	-
-	-	-	359,850	359,850
<u>-</u>	<u>99,163</u>	<u>-</u>	<u>359,850</u>	<u>890,430</u>
-	-	-	-	285,188
-	-	-	282,799	282,799
-	-	-	-	-
-	-	-	15,509	15,509
-	-	-	-	-
-	-	-	-	-
-	-	-	-	83,170
-	-	-	71,212	71,212
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	50,888
-	124,024	-	-	124,024
-	-	-	-	-
-	-	-	-	-
-	-	75,000	-	75,000
-	-	-	-	-
<u>-</u>	<u>124,024</u>	<u>75,000</u>	<u>369,521</u>	<u>987,790</u>
<u>\$ -</u>	<u>\$ (24,861)</u>	<u>\$ (75,000)</u>	<u>\$ (9,671)</u>	<u>\$ (97,360)</u>

**THE CHURCH OF THE GOOD SHEPHERD
STATEMENT OF FUND BALANCES – MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2016**

	<u>Operating Fund</u>	<u>Fixed Asset Fund</u>	<u>Designated Funds</u>	<u>Endowment Funds</u>	<u>Day School Fund</u>	<u>Totals</u>
Fund balances - Beginning	\$ 42,377	\$ 7,243,710	\$ 237,270	\$ 1,542,159	\$ 75,852	\$ 9,141,370
Receipts over (under) expenditures	-	-	(24,861)	7,281	(9,671)	(27,251)
Net unrealized gains/ADJ	16,989			20,507	-	37,496
Fund balances - Ending	<u>\$ 59,366</u>	<u>\$ 7,243,710</u>	<u>\$ 212,409</u>	<u>\$ 1,555,385</u>	<u>\$ 66,181</u>	<u>\$ 9,137,051</u>

THE CHURCH OF THE GOOD SHEPHERD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 – Summary of Significant Accounting Policies

Nature of Activities

The Church of the Good Shepherd (the Church) and Good Shepherd Day School (the Day School) are located in Rocky Mount, NC, The Church is a member parish of the Episcopal Diocese of North Carolina, Its mission statement is “A Place to Belong, Believe and Become”.

The Day School operates under a Board of Directors. Its mission is to provide quality, developmentally appropriate care to working parents of children ages six weeks to five years in a manner that is culturally diverse and spiritually enriching. The school seeks to reserve at least one-third of its space for low-income parents.

Basis of Presentation

It is the Church’s policy to prepare its financial statements on the modified cash basis. Certain revenue and the related assets are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. Pledges are recorded in the year specified by the donor. Sales tax receivable and certain recurring expenses are recorded in the period incurred. Accordingly, the financial statements are not intended to present financial position and results of operations in conformity with U.S. generally accepted accounting principles.

Fund Accounting

The accounts of the Church are maintained in accordance with the principles of fund accounting whereby resources are classified for accounting and reporting purposes into funds established according to their nature and purpose. Financial transactions have been recorded in the funds as follows:

The operating fund represents support, revenue and expenses related to the operation and management of the church’s primary programs and support services.

The fixed asset fund represent the investment in physical facilities and land relating to construction.

Designated Funds represent monies collected and expended for a specific purpose.

The Stewardship, Spruill and Music Trusts represent funds restricted by the donor or the vestry for endowment type purposes.

The Day School Fund represents tuition, grants and expenses related to the operation of the day school.

THE CHURCH OF THE GOOD SHEPHERD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1- Summary of Significant Accounting Policies-continued

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturities of three months or less.

Contributed Services

The Church does not recognize any support, revenue or expense from services contributed by volunteers.

Income Tax Status

The church qualifies as a tax-exempt organization under Section 501 of the Internal Revenue Code; therefore, no provision for income taxes is made in the accompanying financial statements.

Investments

The church holds designated endowment monies in a brokerage account with Ameritrade. The funds are invested by a Board of Trustees using exchange traded funds and an investment model allocation. The investments are reported at fair market value on the financial statements.

Realized and unrealized gains and losses are reported as investment income or loss in the Stewardship, Music and Spruill Trusts. Securities held in the TD Ameritrade investment account are insured up to \$500,000 by Securities Investor Protection Corporation (SIPC) and cash is insured up to \$250,000.

Annually, the Trustees of the Endowment Trust determine the amount of endowment earnings to be distributed to the Church based on the value of invested funds as of September 30. During 2016, \$75,000 was transferred and the Vestry appropriated \$75,000 of the funds to the operating fund.

Estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

THE CHURCH OF THE GOOD SHEPHERD
NOTES OF FINANCIAL STATEMENTS
DECEMBER 31, 2016

Summary of Significant Accounting Policies-continued

Note 2-Buildings and Land

The buildings and land were recorded at estimated fair market values of \$6,864,000 and \$174,010. Consequently, the Church does not record depreciation on the buildings.

Current insurance coverage for buildings and contents is based on a replacement value of approximately \$7,594,800.

Note 3 – Lease

The Church leases a copier under a five-year operating lease (63 payments), which expires in 2019. The minimum monthly payment is \$438.87. Total payments over the life of this lease will be \$27,577.11. At the end of the lease, the copier may be purchased at the then current fair market value, returned to the lessor or the lease may be extended. The future minimum lease payments are:

<u>Year Ending December 31</u>	
2014	\$ 5,194.74
2015	5,266.44
2016	5,266.44
2017	5,266.44
2018	5,266.44
2019	1,316.61
Total	<u>\$27,577.11</u>

Note 4-Notes Payable

The Church has a note payable to the endowment trust of the Church, The Stewardship Trust of the Church of the Good Shepherd. The proceeds of the loan were used to repair roof tiles on the affected portions of the building. The note was originated on October 1, 2016 and repayment will begin January 1, 2017 at the current IRS Loan Rate. The maturity date of the loan is January 1, 2023.

THE CHURCH OF THE GOOD SHEPHERD
NOTES OF FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 4 – Notes Payable-continued

This rate was 2.39% as of January 1, 2017.

Future principal payments due are as follows:

	Roof Loan
Due within one year	\$ 4,160
Due after one year	<u>\$ 20,840</u>
Totals	<u>\$ 25,000</u>

The Church also has a \$75,000 line of credit with PNC Bank. As of December 31, 2016, no funds were outstanding on this loan.

Note 5 – Pension Plan

The Church contributes 18% of the minister's salaries and housing and 9% of three employees' salaries to a retirement plan. Contributions for the year ended December 31, 2016 totaled \$19,198.70.

Note 6 – Concentration of Risk

The Church maintains several accounts with one bank. The Federal Deposit Insurance Corporation (FDIC) insures the account balances up to \$250,000. As of December 31, 2016, there were no uninsured balances.

Section A: General Responsibility/Oversight

1. Obtain and review the audit report covering the period immediately preceding this period being audited.

Have prior audit recommendations been implemented? Yes

If some prior recommendations have not been implemented, list and explain what they are and reason for not being implemented.

NA

2. Obtain Vestry minutes, approved budget and annual year-end financial reports for the period being audited.
3. Is there an Accounting Policy and Procedures manual for this church (not the *Manual of Business Methods in Church Affairs*?) Yes

4. Review the Vestry minutes for:

- a. Budget approval. Date approved: 03/25/16

- b. List other matters that affect the financial reports:

5. Are monthly financial reports prepared and submitted to the Vestry? Yes

- a. Are the monthly actual numbers compared to the approved budget numbers?

Yes

- b. List and explain significant variances to budget in the audit year?

6. Review all Journal Entries (entries unrelated to cash transactions):

- a. Is there an appropriate explanation accompanying each journal entry?

Yes

10. Is building space currently being provided to other organizations on a regular basis? If so, list those organizations in the chart below (examples include non-church operated school, AA, Boy Scouts...). Are written agreements concerning the use of the facilities and insurance certificates from the user on file?

Organization	Written Agreement on file?	Lease? If so, term:	Revenue?	Insurance Certificate on file?
The Church of the Good Shepherd Day School	Yes	No	Yes	Yes

11. Obtain a copy of the Parochial Report for the year being audited and compare the information with reports being audited. Explain any differences.

12. Are statements of contributions provided to parishioners? Yes

How often are they provided (monthly, quarterly, annually) Quarterly / Annually

13. Are financial reports and/or parishioner records computerized or manually maintained?

Computerized

If maintained manually, what steps are being taken to become automated?

NA

14. Briefly describe the computer system and accounting program being used.

ACS for General Accounting
 People Suite for Member Information & Contribution Record
 ADP for Payroll

15. For all computers used within the church:

a. Are current or duplicate copies of the operating system and programs maintained off premises?

Yes

b. Are the files backed up daily and the backups maintained off premises?

Yes

c. Is access to the computer and computer programs limited to authorized persons?

Yes

d. Is there adequate documentation, including user manuals, available on-site for all computer programs?

Yes

e. Is a printed copy retained of all journals, general ledger, financial statements and any other computerized records?

Yes

f. Is there a plan for recovery of data and continuation of operations in the event of a disaster?

Yes

Section B: Current Assets

16. List all checking, savings, investment, discretionary, and entities that derive their status from the church bank and brokerage accounts. If an account is not included in this audit, explain here:

Institution	Type (checking, savings, investment)	Account #	Purpose	Year End Bank Statement Balance
PNC Bank	Checking	53-2036-6135	Operating	85,593.41
PNC MM	Money Market	53-2059-0225	Investment	2.17
PNC Bank	Rector's Discretionary	53-2038-7083	Discretionary	899.21
First Carolina Bank	Money Market	1001001078	Investment	125,562.54
First Carolina Bank	Rector's Discretionary	1001001065	Discretionary	10.00
TD Ameritrade	Investment	883-990738	Investment	1,555,384.59

a. Are the accounts in the name of, and addressed to, the church? Yes

b. Is the church's tax ID number used for all accounts? Yes

c. Are statements of each account available to show activity for the year?
Yes

Is the bank account reconciliation completed by someone other than the person who participates in the receipt or disbursement of cash?
No

If not, are the bank reconciliations reviewed and signed by someone other than the person who completed it?
Yes

d. Are bank accounts being reconciled with the books promptly after receipt?
Yes

- e. Do the reconciliation procedures provide for:
- i. Comparison between the bank statement and the cash receipts journal of dates and amounts of deposits?
Yes _____
 - ii. Investigation of bank transfers to determine that both sides of the transactions have been recorded?
Yes _____
 - iii. Investigation of all bank debit and credit memos?
Yes _____
 - iv. Review of all checks outstanding more than 90 days?
Yes _____
 - v. Are checks more than 180 days outstanding voided during the year-end reconciliation?
No _____
 - vi. Is the bank immediately notified of all changes of authorized check-signers?
Yes _____
 - vii. Are all journal entries for bank charges and bank account interest recorded routinely?
Yes _____
 - viii. Are all bank accounts included on financial reports to the Vestry?
Yes _____

***NOTE: You are asked to examine or test on a "Sample Basis."
The definition of "Sample Basis" is: the less number of 10% of all transactions or 25 transactions, whichever is smaller.***

17. For operating accounts, examine on a sample basis of available backup documentation (i.e., paid bills, invoices, etc.) to support disbursement and accounting of cash funds. Indicate:

- a. Number of items tested. 110
- b. Number of irregularities. None
(list specific cases, if any)

18. For savings and investment accounts, examine on sample basis, activity for the period being audited. Was activity in accordance with the investment plan and appear to be in the normal course of business? If not, please comment:

Yes

19. Review all petty cash accounts:

a. Is the responsibility for the petty cash fund assigned to one person?

No - 2 persons - Petty cash is maintained for the purpose of making change On Wed. Night Supper.

b. Are all petty cash funds maintained on an imprest basis, i.e., the total amount of vouchers paid or disbursed, plus cash, always equal the amount of the fund?

Yes

c. Is adequate review made of documentation before the fund is reimbursed?

yes

d. Is the petty cash fund reimbursed at least monthly? Yes

e. Are check cashing and making loans to employees prohibited?

Yes

f. Is the actual petty cash protected from theft or misplacement?

Yes

20. Review any major receivables, deferred or prepaid expenses, or other assets. Investigate, or consider confirmation of, any significant amount. List significant items:

Stewardship Trust Note Receivable - \$ 25,000 as of 12/31/16

Section C: Fixed Assets

21. Review methods and procedures used to report capital expenditures and equipment. Has land, buildings, property and equipment been appropriately reflected at cost on the balance sheet? Land and Buildings reported at FMV

Has depreciation of property and equipment been recorded in the accounts?
No

22. Is formal approval of the Vestry required for all property and equipment additions and dispositions? Yes

23. Is a detailed inventory of all property, furniture, fixtures, and equipment maintained showing:

a. Date acquired? Yes

b. Detailed description? Yes

c. Cost or fair market value at time of donation? Cost

d. Any funding source restrictions? Yes

24. Is a periodic review conducted to compare the actual property, furniture and fixtures, and equipment with the recorded inventory listing? No

25. Is there a safe deposit box? No

a. Who is authorized to enter it? NA

b. Is there an inventory of its contents? NA

26. Are permanent records such as bylaws, real estate deeds and titles kept in a safe place?
Yes

Have any deeds and titles required been examined as evidence of ownership?
No

Are they up to date? Yes

27. Have bylaws been updated this year? No
If so, **attach a copy of the updated documents.**

28. Are any liens outstanding against property and equipment? No

Section D: Trust and Endowment Funds

29. List all trust and endowment funds (permanently restricted), including their terms and locations of the investments? If a fund is not included in this audit, please explain.

Name of Trust	Institution/ Manager	Donor documentation on file?	Restriction	Year End Statement Balance	Current year distributions	Distributions go where?
Stewardship Trust Endowment	TD Ameritrade	Yes	Yes	1,199,647	75,000.00	COGS Operating Account
Spruill Trust	TD Ameritrade	Yes	Yes	324,103	None	COGS Operating Account
Building Maint Fund	TD Ameritrade	Yes	Yes	6,114	None	NA
Music Funds	TD Ameritrade	Yes	Yes	25,521	None	NA

30. Has there been an examination of the deed of trust or agency agreement for each trust and endowment fund? Yes

31. Have the agency accounting records been checked to determine whether or not the terms of the trust or endowment funds are being properly followed? Yes

32. Is authorization for the sale and/or purchase of investments provided for by the Vestry or authorized investment committee (Investment Policy Statement)?
Yes

33. Have the Endowment Policies and Guidelines been updated this year? No
If so, **attach a copy of the updated documents.**

34. Are all investment instruments adequately protected from fire, theft, or misplacement?
Yes

35. Is the income/dividends/interest recorded (monthly, quarterly, annually)?
Yes - Monthly

36. Is the unrealized gain/(loss) recorded (monthly, quarterly, annually)?
Yes - Monthly

Section E. Liabilities

37. Review the individual liabilities reported on the Balance Sheet. Are all liabilities noted on the Financial Reports to the Vestry?

Yes _____

38. Are operating costs (salaries, utilities, etc.) paid on time? Yes _____

39. Is Accounts Payable being used? Yes _____ If so, review "Accounts Payable Aging Report" and comment:

Current within 30 days

Are there any "held checks" (checks printed but not mailed)? No _____

If so, list and explain:

40. List debt sources and debt balances as of December 31:

Institution	Type	Rate	Origination date	Maturity	Year End Balance
COGS Stewardship Trust	Loan	2.29%	10/01/16	10/01/22	25,000

a. Are mortgage or loan payments being made on a current basis?

Yes _____

b. Does the statement balance agree to the balance on the balance sheet?

Yes _____

c. If a Diocesan loan, does the balance agree with the Diocesan reported balances as of December 31?

NA _____

d. Is all borrowing or indebtedness authorized by the Vestry?

Yes _____

- e. Does all indebtedness involving real property have the consent of Diocesan Council and in the case of worship space, the Diocesan Standing Committee? NA
- f. Are all loan agreements and/or lease agreements in writing and properly safeguarded? Yes
- g. Are there periodic reviews conducted to determine compliance with any debt/lease provisions? Yes

Section F. Cash Receipts

41. Review procedures and controls for cash receipts, including the collections from church services and the deposit of such monies.
42. Test (on a sample basis) counter sheets, deposit records, recordings of cash receipts and determine that revenues are properly recorded and appropriately classified in the financial reports. Test the procedure by following selected cash receipts from original receipt to final reporting in the financial reports. Comment on any unusual items.

No unusual items

- a. Are there safeguards to protect the collections from theft or misplacement from the time of receipt until the time the funds are counted and deposited?
Yes _____
- b. Are the collection receipts counted and deposited so that the deposit equals the entire amount of receipts on a timely basis (e.g., at least weekly)?
Yes _____
- c. Are there at least two unrelated persons responsible for counting and depositing the collections? Yes _____
- d. Are the persons responsible for counting receipts rotated on a periodic basis?
Yes _____
- e. Do the counters have a standardized form for recording the deposit information?
Yes _____
- f. Are the counters' sheets retained and reconciled with actual deposits, and are all discrepancies investigated? Yes _____
- g. Is there a control prohibiting the cashing of checks from the currency received?
Yes _____
- h. Are all of the pledge envelopes or other memoranda retained and reconciled to the recorded amounts? Yes _____
- i. Are all other cash receipts recorded and deposited on a timely basis?
Yes _____
- j. Are all checks received restrictively endorsed —for deposit only “immediately upon receipt?” Yes _____

k. Are all cash receipts deposited into the general operating checking account?

Yes _____

If not, please explain:

l. Are there procedures that will highlight, or bring to someone's attention, the fact that all receipts or income have not been received or recorded?

Yes _____

m. Are all discrepancies investigated? Yes _____

43. Restricted income is income received for special purposes. List all restricted fund (designated fund) income categories. (Note: additions to Endowments are examined in section D. Item 29.) Examine the donor letter or trust/agency agreement for each new gift and contributions received during the fiscal year. If a fund is not included in this audit, please explain.

Source	Date Received (write 'annual' for sum of recurring gifts)	Terms Governing Use	Reporting on Use-To Whom? How Often?	Which bank account holds the funds for this category?
Friends of Music Garden Club Flower Guild	Annual	Governed by the Vestry	Vestry - Monthly	FCB / TD Ameritrade
Men's Club Building Furnishings Building Upkeep & Maint.	""	""	""	""
Assistant Rector Fund Altar Guild Fund Worship Designated Fund	""	""	""	""
Church Prints Pew Torches Outreach Designated Fund	""	""	""	""
Debbie's Fund Endowed Discretionary Fund Transactions Rector's Discretion	""	""	""	""
Memorial Gifts Columbarium Fund Bert Godwin Scholarship	""	""	""	""

a. Does the Vestry or other authoritative body approve all restricted gifts and grants?
Yes _____

b. Are the income and other transactions periodically reported to the Vestry?
Yes _____

c. Are written acknowledgments issued for whom they are required?
Yes _____

Section G. Cash Disbursements

44. Review procedures and controls for the disbursement of funds from the operating account and any other accounts.

45. Determine who was authorized to sign checks during the period being audited and test (on a sample basis) cancelled checks to assure that checks were signed by authorized individuals. Note any discrepancies.

None

a. Are all disbursements made by check, except for small expenditures made from petty cash? Yes

b. Are all checks pre-numbered and used in sequence? Yes

c. Is there a clearly defined approval process for all disbursements? Yes

d. Are all voided checks properly cancelled and retained? Yes

e. Are all checks made payable to specified payees and not to cash or to bearer?
Yes

f. Check signing:

i. Is signing blank checks prohibited? Yes

ii. Is using a signature stamp or pre-printed signatures prohibited?
Yes

iii. Does all supporting documentation accompany checks presented for signature? Yes

iv. Are all account signers authorized by the Vestry? Yes

v. Is more than one signature required for every check? Yes

vi. If not, do checks for more than a certain amount \$ _____ require more than one signature?

vii. If signature imprint machines are used, are the keys kept under lock and key except when in use? NA

46. Examine (on a sample basis) supporting documentation for disbursements, including receipt of goods and approval for payment. Comment on any unusual items.

NA

- a. Are all disbursements supported by original documentation? Yes
- b. Is the original vendor's invoice or other documentation cancelled at the time of signature to prevent duplicate payment? No
- c. Are all disbursements requiring special approval of funding sources or the Vestry properly documented in the Vestry or Finance Committee minutes?
Yes
- d. Are there adequate controls and segregation of duties regarding electronic funds transfers? Yes

47. Examine (on a sample basis) the records of cash disbursements and determine that expenditures are appropriately reflected and classified in the records and financial reports. Comment on any unusual items.

None

48. Review outstanding checks. Any check outstanding for a period longer than 3 months from the Balance Sheet date should be questioned for satisfactory explanation. Note any discrepancies.

None

49. Examine the January 31st bank statement following the close of the audit year for items impacting the audit year. Comment on any unusual items.

None

Section H. Payroll

50. Examine payroll tax reports (Form 941, W-2 forms, 1099 forms, etc.) to determine that filing requirements have been met and taxes have been properly remitted. Comment on any unusual items.

NA

51. Are personnel files maintained to include:

- a. Employment application and/or letter of employment? Yes
- b. Authorizations of pay rates and effective dates? Yes
- c. Internal Revenue Service Form W-4? Yes
- d. State of NC Tax Form NC-4 Yes
- e. Department of Justice Form I-9? Yes
- f. New hire reporting (State of NC)? Yes

52. Is there a written record of hours worked, approved by a supervisor when applicable?

Yes

53. Are there adequate records to:

- a. Show computation of gross pay? Yes
- b. Account for all deductions from gross pay? Yes
- c. Support payroll tax returns and Forms W-2? Yes

54. Was clergy compensation reported at end of year on form W-2? (Required)

Yes
a. Was the value of life insurance premiums on coverage in excess of \$50,000 included on form W-2? (Required) Yes

b. Was vestry approved clergy housing allowance reported or not reported in Box 14 of form W-2? (Optional) Yes

c. Was federal income tax withheld or not withheld from compensation of clergy? (Optional) Withheld

d. Assure that Social Security and Medicare taxes have **NOT** been withheld from compensation of clergy. If they have been withheld, explain.
Not withheld

- e. Were travel expenses of clergy disbursed on the basis of a predetermined travel allowance or an actual accounting of mileage submitted by the individual?

Actual mileage

If a predetermined travel allowance was used, was that amount substantiated with actual date/mileage reporting or as required, reported on Form W-2 as taxable income to the individual? NA

55. Are pension payments up to date for all participants? Yes
56. Are lay employees that work more than 1,000 hours a year covered by a CPG pension plan? (canonical requirement effective 1/1/2013) Yes
57. Are lay employees that work more than 1,500 hours a year covered by a Medical Trust healthcare plan? (canonical requirement effective 1/1/2013) Yes
58. Are payroll taxes being paid on a current basis and applicable payroll reports filed on time? Yes
59. Has any correspondence been received from the IRS (Department of Treasury) during the year? If so, please explain issue involved and resolution:
NA
60. If the parish has one or more employees (including clergy), has a workers' compensation insurance policy been obtained? (Required) Yes
61. Is payroll processing outsourced? Yes If so, please list name of person or agency: ADP
- It is strongly recommended that all churches outsource their payroll. For more information, contact Episcopal Payroll Services at 1.800.223.6602.**
62. Compare salaries paid to approved budget. Comment on any differences.
The rector went for extended time without an assistant reducing Salary Expense.
63. Have those non-employee individuals or unincorporated companies, who received payments of \$600 or more during the year, been issued a form 1099-MISC to report their earnings? Yes

Section I. Discretionary Funds

64. Identify and list all discretionary funds and clergy positions holding these funds.
Rector's Discretionary Checking Account - Held by the Rector

65. Are these accounts shown on the Balance Sheet of the church? Yes

66. For each discretionary fund:

a. Is the account in the name of the church? Yes

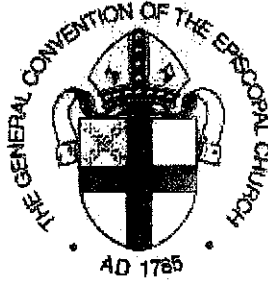
b. Is the church's tax ID number used to identify the account at the bank? Yes

c. Examine disbursements from discretionary funds to ensure funds were used for discretionary purposes and not for operating fund expenditures. Comment on any variations.
None

d. List those individuals authorized to sign checks on the discretionary bank account.

Matthew Johnson - Rector
William Walker - Treasurer

**THE 2016 REPORT OF EPISCOPAL CONGREGATIONS AND MISSIONS
 ACCORDING TO CANONS I.6, I.7, AND I.17
 (OTHERWISE KNOWN AS THE PAROCHIAL REPORT)**

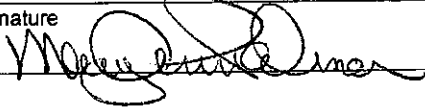


Name of Congregation Church of the Good Shepherd		Diocese North Carolina	
Street Address 1 231 N Church St		City Rocky Mount	State NC
Street Address 2		Zip + 4 27804-5404	County Nash
Mailing Address 1 231 N Church St		City Rocky Mount	State NC
Mailing Address 2		Zip + 4 27804-5404	Phone # 252-442-1134
Federal Tax ID # 56-0547506	Congregation's E-mail address tparker@goodshepherdrrmt.org	Congregation's Web Address www.goodshepherdrrmt.org	

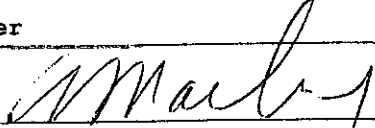
Report Preparation

Page 2 Prepared by <i>(Print or type name)</i> Tom Parker	Daytime Phone (252) 442-1134
Page 3 Prepared by <i>(Print or type name)</i> Virginia Turner	Daytime Phone (252) 442-1134

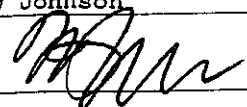
Certified by the Clerk of the Vestry

Certified by <i>(Print or type name)</i> Mary Palmer	
Signature 	Date 3/21/17

Certified by Treasurer/Financial Officer

Certified by <i>(Print or type name)</i> Bill Walker	
Signature 	Date 2/22/17

Certified by Rector/Vicar/Person in Charge

Certified by <i>(Print or type name)</i> Matthew Johnson	
Signature 	Date 2/28/17

Vestry Approval

Indicate date that your 2016 Parochial Report was approved by the Vestry or Bishop's Committee (Canon I.6.1)	Date 3/21/17
--	------------------------

Membership, Attendance and Services of the Reporting Congregation

Using Last Year's Report
Active Baptized Members of the Reporting Congregation Reported Last Year

Using the 2015 Parochial Report, record the Number of Baptized Members Reported as of December 31, 2015. (See your 2015 Parochial Report, Box M15)
Members Reported Last Year = M15. 494

Using the Register of Church Membership and Rites

During the Report Year

Increases in Membership

1. Increases during year: All members added to the baptized members section of your congregation's Membership Register during 2016 by: baptism, confirmation/reception, or transfer; and those persons restored from inactive status, or not counted in last year's membership count.
Total Increases = 1. 16

Decreases in Membership

2. Decreases during year: All baptized members lost by death, transferred to another congregation, removed to inactive status in the Register of Church Membership and Rites, removed for other reasons, or not removed from last year's membership count.
Total Decreases = 2. 23

Active Baptized Members of the Reporting Congregation At Year-End

M16: Add the increases entered in Box 1 to Box M15. Then subtract the decreases entered in Box 2 for the total active membership as of December 31, 2016
Total Active Baptized Members (end of report year) = M16. 487

Communicants in Good Standing of the Reporting Congregation

Communicants in good standing: All baptized members of the reporting congregation, who "have received Holy Communion at least three times during the preceding year" and are faithful "in corporate worship, unless for good cause prevented," and "in working, praying, and giving for the spread of the Kingdom of God."

Adults
Youth
Others Active

3. Adult communicants in good standing (age 16 and over) = 313
4. Youth communicants in good standing (under age 16) = 86
5. Total communicants in good standing (3 + 4) = 399
6. Others who are active whose baptisms are not recorded in the Parish Register, or in another Episcopal congregation. 6 39

Using the Service Register

Average Sunday Attendance for 2016

7. Sunday (& Saturday Evening) Attendance: Divide total attendance by the total number of Sundays when services were held. **Average Sunday Attendance = 7.** 158

Easter Attendance in 2016

8. Average Principal Worship Service Attendance on a Weekday (in congregations without Sunday or Saturday evening services) 0

9. Easter Sunday Attendance (9) 269

Sacraments & Services

Number of Holy Eucharists Celebrated During 2016

10. Total Sunday & Saturday Evening Eucharists (10) 106

11. Total Weekday Eucharists (11) 76

12. Total Private Eucharists (12) 52

Daily Offices and Other Services Held During 2016

13. Daily Offices Held on Sunday (13) 13

14. Daily Offices Held on Weekdays (14) 108

15. Marriages conducted in 2016 (15) 1

16. Burials conducted in 2016 (16) 9

Using the Register of Church Membership and Rites

Baptisms in 2016

17. Baptisms 16 years and older (17) 0

18. Baptisms under 16 years of age (18) 10

Confirmations in 2016

19. Confirmations 16 years and older (19) 3

20. Confirmations under 16 years of age (20) 0

Received in 2016

21. Received by a bishop (21) 3

Education

Children and Youth

22. Total Church School Students Enrolled 137

Adult Education

23. Regular Sunday or weekday adult education programs held? Yes No

24. Number of adults engaged in religious education or spiritual formation 63

Stewardship and Financial Information of the Reporting Congregation

Giving Information for 2016			
Number of Pledges	1.	Number of signed pledge cards for 2016 -report year	(1) 121
Total \$ Pledged	2.	Total dollar amount pledges for 2016-report year	(2) \$340,151
Report on Revenues and Expenses for 2016			
Operating Revenues	3.	Plate offerings, pledge payments & regular support	(3) \$377,120
	4.	Money from investments used for operations in 2016	(4) \$73,134
	5.	Other operating income, including unrestricted gifts & restricted gifts used for operations, & contributions from congregation's organizations	(5) \$1,967
	6.	Unrestricted bequests used for operations	(6) \$12,327
	Subtotal Normal Operating Income (3 + 4 + 5 + 6) = A		\$464,548
	7.	Assistance from diocese for operating budget	(7) \$0
	Total Operating Revenues (A + 7) = B		\$464,548
Non-Operating Revenues	8.	Funds received for capital projects	(8) \$9,026
	9.	Additions to endowment, & other investment funds	(9) \$13,225
	10.	Contributions & grants for congregation based outreach & mission programs	(10) \$3,271
	11.	Funds for transmittal to other organizations	(11) \$3,008
	Subtotal Non-Operating Revenues (8 + 9 + 10 + 11) = C		\$28,530
Total All Revenues (B + C) = D		\$493,078	
Operating Expenses	12.	To diocese for assessment, apportionment, or fair share	(12) \$50,888
	13.	Outreach from operating budget	(13) \$12,000
	14.	All other operating expenses	(14) \$399,693
	Subtotal Operating Expenses (12 + 13 + 14) = E		\$462,581
Non-Operating Expenses	15.	Major improvements & capital expenditures	(15) \$65,613
	16.	Expense for congregation's outreach & mission	(16) \$245
	17.	Funds contributed to Episcopal seminaries	(17) \$0
	18.	Funds transmitted to other organizations	(18) \$6,807
Subtotal Non-Operating Expenses (15 + 16 + 17 + 18) = F		\$72,665	
Total All Expenses (E + F) = G		\$535,246	
At Year-End:			
As of December 31, 2016	19.	Total cash in all checking & passbook savings accounts	(19) \$100,657
	20.	Total investment at market value (not including cash reported in line 19)	(20) \$1,682,949

Priest(s) Serving this Congregation

Last name of Rector, Vicar, Dean, Priest-in-charge or interim 1. Johnson		First name Matthew	Middle name Ransom
Title of position Rector		Year ordained 2008	Diocese of canonical residence North Carolina
Employment status at this congregation <input checked="" type="checkbox"/> Full time <input type="checkbox"/> Part time <input type="checkbox"/> Non-stipendiary		Year called to this congregation 2014	Church pension status <input checked="" type="checkbox"/> Active <input type="checkbox"/> Retiree <input type="checkbox"/> Non-active
Last name of associate priest, assisting priest or curate		First name	Middle name
Title of position		Year ordained	Diocese of canonical residence
Employment status at this congregation <input type="checkbox"/> Full time <input type="checkbox"/> Part time <input type="checkbox"/> Non-stipendiary		Year called to this congregation	Church pension status <input type="checkbox"/> Active <input type="checkbox"/> Retiree <input type="checkbox"/> Non-active
Last name of associate, assisting or other priest		First name	Middle name
Title of position		Year ordained	Diocese of canonical residence
Employment status at this congregation <input type="checkbox"/> Full time <input type="checkbox"/> Part time <input type="checkbox"/> Non-stipendiary		Year called to this congregation	Church pension status <input type="checkbox"/> Active <input type="checkbox"/> Retiree <input type="checkbox"/> Non-active
Last name of associate, assisting or other priest		First name	Middle name
Title of position		Year ordained	Diocese of canonical residence
Employment status at this congregation <input type="checkbox"/> Full time <input type="checkbox"/> Part time <input type="checkbox"/> Non-stipendiary		Year called to this congregation	Church pension status <input type="checkbox"/> Active <input type="checkbox"/> Retiree <input type="checkbox"/> Non-active

If you have no priest at present, who leads Sunday worship services? (check all that apply)

Supply priest Deacon Lay worship leader Other: _____

A long-term supply priest: _____ (Give full name of long-term supply)

Deacon(s) Serving this Congregation

Last name of Deacon #1		First name	Middle name
<input type="checkbox"/> Deacon (Vocational) <input type="checkbox"/> Transitional Deacon		Year ordained	
Last name of Deacon #2		First name	Middle name
<input type="checkbox"/> Deacon (Vocational) <input type="checkbox"/> Transitional Deacon		Year ordained	

Name(s) of other congregation(s) currently served by these priests (if any)

Explanation of Unique or Unusual Clergy Situation

2017 LOCAL CHURCH OFFICERS

CHURCH NAME	The Church of the Good Shepherd		Website	www.goodshepherdmt.org		
Mailing Address	231 N. Church Street		Email	tparker@goodshepherdmt.org		
City	Rocky Mount, NC	ZIP code	27804	Phone	252-442-1134	
Rector/Priest-in-Charge/Supply Priest	The Rev. Matthew Ransom Johnson					
Email	mjohnson@goodshepherdmt.org		Spouse/Partner	Katharina Johnson		
Senior Warden	Lalor Smith					
Mailing Address	3701 Warwick Place					
City	Wilson, NC	ZIP Code	27893	Phone	Home 252-291-7169	
Email	alalorsmith@myglnc.com				Work	
					Cell	
Junior Warden	Jenny McKellar					
Mailing Address	3625 Winstead Road					
City	Rocky Mount, NC	ZIP Code	27804	Phone	Home	
Email	jennylmatthews@gmail.com				Work	
					Cell	252-908-0030
Treasurer	Bill Walker					
Mailing Address	5001 Brassfield Drive					
City	Rocky Mount, NC	ZIP Code	27803	Phone	Home	
Email	wwalkerjr@suddenlink.net				Work	
					Cell	252-904-0707
Youth Contact	Katharina Johnson					
Mailing Address	231 N. Church Street					
City	Rocky Mount, NC	ZIP Code	27804	Phone	Home	
Email	kjohnson@goodshepherdmt.org				Work	252-442-1134
					Cell	
Stewardship Officer	Virginia Turner					
Mailing Address	231 N. Church Street					
City	Rocky Mount, NC	ZIP Code	27804	Phone	Home	
Email	vturner@goodshepherdmt.org				Work	252-442-1134
					Cell	
Parish Administrator	Tom Parker					
Mailing Address	231 N. Church Street					
City	Rocky Mount, NC	ZIP Code	27804	Phone	Home	
Email	tparker@goodshepherdmt.org				Work	252-442-1134
					Cell	
Staff Secretary/Communications						
Mailing Address						
City		ZIP Code		Phone	Home	
Email					Work	
					Cell	

IF THERE ARE OTHERS, PLEASE LIST ON REVERSE SIDE, WITH TITLE, NAME & OTHER INFORMATION AS LISTED ABOVE. PLEASE KEEP A COPY FOR YOUR FILES & ADVISE OF ANY CHANGES DURING THE YEAR.

PLEASE RETURN BY MARCH 1, 2017 TO: The Episcopal Diocese of NC, Attn: Donna Warner
200 West Morgan St., Suite 300, Raleigh, NC 27601-1338

