



The
Episcopal Diocese
of New York

INTERIM ALTERNATIVE AUDIT PROCEDURE

FOR 2025

For use in 2026 by congregations with Net Operating Incomes of less than \$750,000, unless they need a certified audit for another reason. For further guidance on completing this form, please download the accompanying workbook.

Congregation _____

City or town _____

_ Audit year: 2025

Audit Committee members,
with parish role/position:

If you are unable to answer "Yes" to any question below, please explain why in the Comments section at the end.

GENERAL REVIEW

✓ = Yes

✓ = See
Comments

- | | | |
|---|--------------------------|--------------------------|
| 1. Is audit report for previous year available? | ☐ | ☐ |
| 2. Have recommendations included in previous years' audits been implemented? | ☐ | ☐ |
| 3. Are Vestry minutes for the year complete? | ☐ | ☐ |
| 4. If a Finance or Investment Committee is authorized to expend or invest funds, are the minutes of such committee meetings complete? | ☐ | ☐ |
| 5. Review the minutes of the Vestry and such Finance/Investment Committees. | | |
| 6. Was budget approved by the Vestry? | ☐ | ☐ |
| a. Was the parsonage allowance voted prior to being paid? | ☐ | ☐ |
| b. Were large or unbudgeted expenditures approved? | ☐ | ☐ |
| c. Were large or unusual receipts noted? | ☐ | ☐ |
| d. If you answered "yes" to c. above, could you trace to recorded receipts? | ☐ | ☐ |
| 7. Are monthly financial reports to the Vestry complete? | ☐ | ☐ |
| 8. Is balance sheet information prepared at least annually for the Vestry and congregation? | ☐ | ☐ |
| 9. Did you examine a copy of the financial report to the Annual Meeting? | ☐ | ☐ |
| 10. Was the Parochial Report filed on time? (March 1 is the canonical due date) | ☐ | ☐ |
| 11. Are insurance records and property records complete? | ☐ | ☐ |
| 12. Are insurance coverages adequate? | ☐ | ☐ |
| 13. Have you seen the Articles of Incorporation and the By-laws? | ☐ | ☐ |
| 14. Is there a space use agreement and insurance certificate for each outside organization using church facilities? | ☐ | ☐ |
| 15. Have staff and volunteers attended safe church workshops as required? | ☐ | ☐ |

CASH BALANCES, INVESTMENTS & INCOME

- | | | |
|---|--------------------------|--------------------------|
| 16. Have you checked to see that all operating cash accounts (including all passbook savings accounts) have been reconciled regularly throughout the year? | ☐ | ☐ |
| 17. Review all organization cash accounts (ECW, Guilds, etc.). | | |
| a. Have they been reconciled regularly? | ☐ | ☐ |
| b. Organization accounts may not be used for general parish purposes (e.g., to receive flower donations or pay altar expenses). Are the organization accounts free of activity that should have been in the operating fund? | ☐ | ☐ |
| c. If there was operating fund activity in organization accounts, was it included in the Parochial Report? | ☐ | ☐ |
| d. List any accounts that exist that you were unable to examine in notes. | ☐ | ☐ |

✓ = Yes

✓ = See
Comments

CASH BALANCES, INVESTMENTS & INCOME (CONTINUED)

✓ = Yes

✓ = See
Comments

- | | | |
|---|--------------------------|--------------------------|
| 18. Examine year-end statements of any invested funds. Are all investments properly recorded on the books? | ☐ | ☐ |
| 19. Were any restricted gifts received during the year? | ☐ | ☐ |
| 20. Has the congregation respected donor restrictions on all current and past gifts? | ☐ | ☐ |
| 21. Review procedures and control of plate collections, other cash receipts and deposits. Do these systems provide adequate controls? | ☐ | ☐ |
| 22. Are contribution statements sent out at least quarterly? | ☐ | ☐ |
| 23. Do contribution statements show the pledge balance? | ☐ | ☐ |

CASH DISBURSEMENTS

- | | | |
|--|--------------------------|--------------------------|
| 24. Did you receive a list of authorized signatories for each account? | ☐ | ☐ |
| 25. Examine a selection of disbursements. | | |
| 26. Are there invoices (not statements) for disbursements? | ☐ | ☐ |
| a. Are there authorizations for disbursements? | ☐ | ☐ |
| b. Do checks have the specified number of authorized signatures? | ☐ | ☐ |
| c. Is the accounting system used adequate and properly maintained? | ☐ | ☐ |

LIABILITIES

- | | | |
|--|--------------------------|--------------------------|
| Are clergy and lay pension payments calculated correctly and up to date? | ☐ | ☐ |
| 27. Is payment of the diocesan Apportioned Share current? | ☐ | ☐ |
| 28. Are any diocesan loans current? | ☐ | ☐ |
| 29. Are utility and insurance payments current? | ☐ | ☐ |
| 30. Are any mortgage or other loan payments current? | ☐ | ☐ |

DISCRETIONARY FUNDS

- | | | |
|--|--------------------------|--------------------------|
| 31. Is the account in the name of the church? | ☐ | ☐ |
| 32. Was the account set up by Vestry resolution? | ☐ | ☐ |
| 33. Is the church's tax ID number used for the account? | ☐ | ☐ |
| 34. Is the discretionary account free of operating fund activity, or if there was operating fund activity in the account, was it included in the Parochial Report? | ☐ | ☐ |
| 35. If the account was used for personal expenses which the IRS would consider taxable, were these amounts included in the priest's W-2? | ☐ | ☐ |

PAYROLL

- | | | |
|---|--------------------------|--------------------------|
| Are workers properly classified as either employees or independent contractors? | ☐ | ☐ |
| 36. Are 1099s issued to independent contractors who made more than \$600? | ☐ | ☐ |
| 37. Do payroll records indicate that filing requirements were met and that withheld taxes & all employer taxes were properly calculated and remitted? | ☐ | ☐ |
| 38. Do the salaries authorized in the budget match the amounts that were paid? | ☐ | ☐ |
| 39. Was all compensation, including any bonus, reported on the W-2? | ☐ | ☐ |

PAROCHIAL REPORT

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|--|--------------------------|--------------------------|
| 40. Compare the annual report to the Parochial Report. Are all amounts entered on the Parochial Report in accordance with the Parochial Report instructions? | ☐ | ☐ |
| 41. If not, has a revised Parochial Report been prepared and submitted? | ☐ | ☐ |

LITIGATION

- | | | |
|---|--------------------------|--------------------------|
| 42. Is there any current or threatened litigation involving the congregation? | ☐ | ☐ |
|---|--------------------------|--------------------------|

✓ = Yes

✓ = See
Comments

COMMENTS

List here, or in a separate letter, comments about any question above that you could not answer in the affirmative. Please number your comments to correspond to the question you are commenting on.

RECOMMENDATIONS

List here, or in a separate letter, any recommendations about needed improvements in systems or controls. Anything included here should be discussed with the congregation's leadership.

REQUIRED ACCOMPANYING DOCUMENTS

Alternative Audits should include the following attachments. Please check to indicate that they are present:

1. 12/31/2025 Bank Reconciliations for ALL bank accounts belonging to the congregation or its organizations.
2. 12/31/2025 Profit and Loss statement.
3. 12/31/2025 Balance Sheet

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AUDIT COMMITTEE'S CERTIFICATION

We certify:

1. that we have performed the procedures outlined above;
2. that we have noted all exceptions on this form or in an attached letter;
3. that we have included all recommendations on this form or in an attached letter.

Audit Committee members' names (please print) and signatures**Date****Audit Committee chair's telephone number****Audit Committee chair's e-mail address**

Please Note that All Completed
Worksheets and Supporting
Documents Must be Uploaded
Using the Form at dioceseny.org/2025audits.

In the event that you are unable to submit using the online form, you may mail your completed audit and attachments to:

Controller's Office, Episcopal Diocese of New York 1047 Amsterdam Avenue New York, NY 10025-1747