

### What is the chart of accounts?

The chart of accounts is a numerical list which sorts financial data into five classes:

1. Assets = something the entity owns
2. Liabilities = something the entity owes
3. Equity = the overall net worth of the entity
4. Revenues = money the entity will receive
5. Expenses = money the entity will spend

### How is a chart of accounts organized?

Each of the five classes of accounts is organized by a number and a name. The numbers are usually grouped in “thousands” for each class. Each entity creates a list of account names and numbers to represent these five areas of accounting information which is then tracked for producing financial statements. There can be as many subaccounts as needed. An entity usually starts with a basic list and adds subaccounts only when necessary. Subaccounts might be numbered as follows:

#### **1000 – Assets**

- 1100 – Cash on Hand
- 1105 – Cash in Bank
- 1110 – Cash in Investments

#### **2000 – Liabilities**

- 2010 – Accounts Payable
- 2020 – Payroll Payable
- 2030 – Taxes Payable

#### **3000 – Equity**

#### **4000 – Revenues**

- 4005 – Grants
- 4010 – Contracts
- 4015 – Service Fees

#### **5000 – Expenses**

- 5005 – Utilities
- 5010 – Telephone
- 5020 – Office Supplies

## What information is recorded in chart of account classes?

### **1000 series assets accounts** can include:

- ◆ Cash (checking, savings, and petty cash balances)
- ◆ Accounts receivable (items owed to the entity which haven't been paid yet)
- ◆ Fixed assets (land, vehicles, property, equipment, etc.)
- ◆ Other (investments, depreciation, long-term assets, etc.)

### **2000 series liabilities accounts** can include:

- ◆ Accounts payable (money owed to vendors or suppliers)
- ◆ Short-term debt (credit balances, short-term loans, etc.)
- ◆ Long-term debt (mortgage, etc.)
- ◆ Accrued liabilities (payroll taxes, wages payable, etc.)

### **3000 series equity accounts**, the value of assets minus liabilities, can include:

- ◆ Retained earnings (accrued net income)
- ◆ Restricted (funds limited to certain expenses by donor/funder) or unrestricted net assets

### **4000 series revenues accounts**, money which comes into the entity, can include:

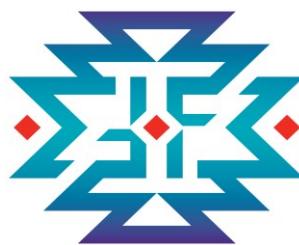
- ◆ Contributions (gifts, donations)
- ◆ Grants (money received for a specific purpose or project)
- ◆ Fees and receipts (received from selling an item or performing a service or services)

### **5000 series expenses accounts**, items the entity spends money to acquire, can include:

- ◆ Everyday expenses (office supplies, printing costs, salary, etc.)
- ◆ Bills (rent, utilities, purchase orders, etc.)
- ◆ Program expenses (fundraiser supplies, program vendors, etc.)
- ◆ Other expenses (meals/entertainment, fees, health bills, etc.)

## References

- ◆ [OVC TTAC, National Victim Assistance Academy, Effective Leadership Series, Financial Management](#)



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## Feedback Requested

OVC TFMC will continually work to provide resources to support grantees as they successfully manage their OVC financial awards. Your feedback assists us in creating these resources to meet your needs. To help us provide the most useful resources, we would appreciate your feedback on this guide sheet. Please send any comments or suggestions to [Evaluation@OVCTFMC.org](mailto:Evaluation@OVCTFMC.org).

*This product was supported by contract number GS-00F-010CA, awarded by the Office for Victims of Crime, Office of Justice Programs, U.S. Department of Justice. The opinions, findings, and conclusions or recommendations expressed in this product are those of the contributors and do not necessarily represent the official position or policies of the U.S. Department of Justice.*

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