



Add a new Asset account - (#1) Petty Cash Account -

Note: The Petty Cash Expense Account is part of the Fund that represents the money in the Checking account (i.e. the General or Operating Fund).

Option 1: Set up the (#1) Petty Cash account increasing the account when petty cash is replenished.

1. *Transfer (FROM) the (#1) Checking account (TO) the (#1) Petty Cash account to establish the Petty Cash account. This Petty Cash money is kept in a secure location on the premises, but not in a Bank account.*
2. *As cash is spent and receipts received, use the Enter Bill transactions to Credit the correct Vendor and Debit the correct (#5) Expense account, then use the Pay Bill transactions to Credit the (#1) Petty Cash Asset account and Debit the correct Vendor. This method allows the Petty Cash Asset account to decrease by money spent out of it.*

Option 2: Set up the Petty Cash account and leave the Petty Cash at a pre-set amount (example \$100). Accountants often refer to this as the Petty Cash fund even though it is not a (#3) Fund Balance in the Church Windows Chart of Accounts.

1. *Transfer (FROM) the (#1) Checking account (TO) the (#1) Petty Cash account to establish the Petty Cash account. This Petty Cash money is kept in a secure location on the premises, but not in a Bank account.*
2. *As cash is spent, use the Enter Bill transactions to Credit the correct Vendor and Debit the correct (#5) Expense account, then use the Pay Bill transactions to Credit the (#1) Checking account and Debit the correct Vendor. A check is issued, cashed and the money put back into the Petty Cash Fund (cash box or locked drawer). Under this method, the Petty Cash account always stays at a consistent amount (\$100) with the receipts and actual cash totaling this amount.*

