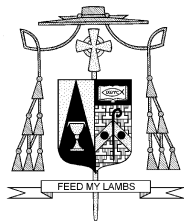


Parish Financial Management Handbook

The Diocese of Sacramento



No sound ought to be heard in the church but the
healing voice of Christian charity.



DIOCESE OF SACRAMENTO

2110 Broadway • Sacramento, California 95818 • 916/733-0200 • Fax 916/733-0215

OFFICE OF THE BISHOP

June, 2010

Dear Pastor/Parochial Administrator/Parish Steward:

I am pleased to approve and present to you the "Parish Financial Management Handbook." This assembles and expands policies and procedures already in place and will assist each parish to be in full compliance.

The goal of this "Handbook" is to ensure uniform and sound financial procedures for all parishes and entities of the Diocese. It will assist each parish to comply with Canon Law, federal and state laws, labor laws, and diocesan policies. I hope that this "Handbook" will aid you in implementing and maintaining policies and procedures for the effective and sound financial management of your parish and parish-related organizations.

I urge each Pastor/Administrator/Steward to work closely with the Finance Council to become acquainted with the "Handbook's" contents. The parish bookkeeper must also become familiar with it. All involved are to implement fully the procedures outlined in the "Handbook."

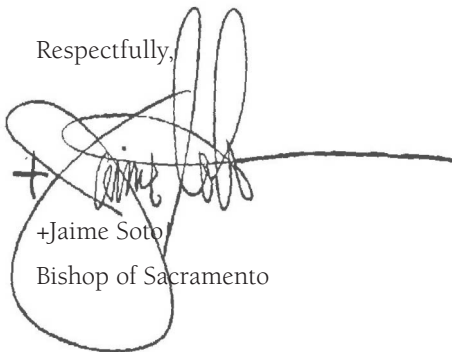
The Diocesan Finance Office will conduct an annual review of the Handbook for possible updating of it. Your suggestions on ways to streamline, simplify or clarify procedures will be most welcome.

As you know, good stewardship of parish resources will optimize the ability of parishes to better serve the many needs of our faith communities. Promoting and maintaining the financial health of the parish will foster an atmosphere of trust and confidence.

In our daily priestly ministry, we strive to be living examples of God's love and teachings. The call to witness to Christ is also made visible in how we obtain, manage, and expend funds in the name of our Catholic community. All who benefit from our competent oversight of parish temporalities need to have confidence in our stewardship. The "Handbook" will help to achieve this.

Be assured of my prayers and best wishes.

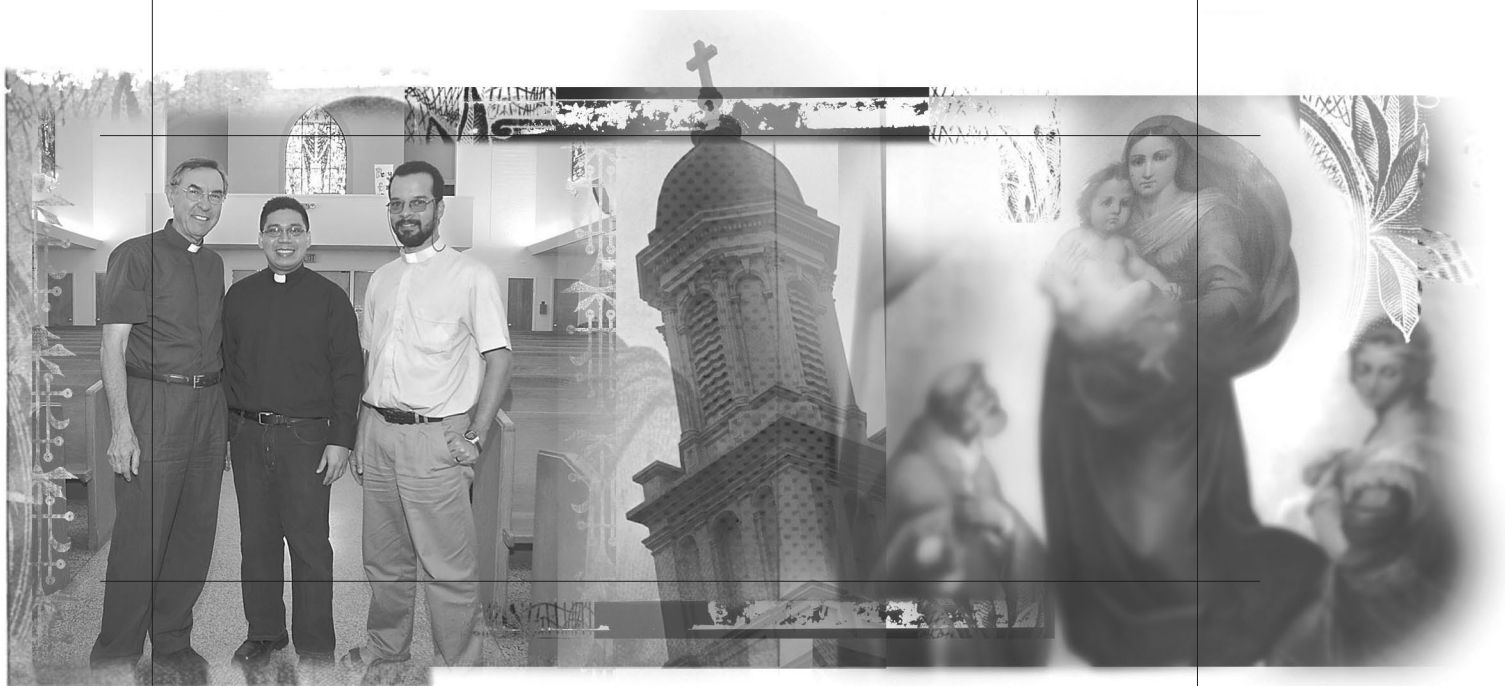
Respectfully,



+Jaime Soto
Bishop of Sacramento

The Diocese of Sacramento Parish Financial Management Handbook

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Introduction



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Purpose of Parish Financial Management Handbook

Christian Mission and the Parish

“The joys and hopes, the grief and anguish of the people of our time, especially of those who are poor or afflicted, are the joys and hopes, the grief and anguish of the followers of Christ as well. Nothing that is genuinely human fails to find an echo in their hearts.” These introductory words of *Gaudium et Spes* (“Joy and Hope”), the Second Vatican Council’s Pastoral Constitution on the Church in the Modern World, reveal the essence of the Christian mission of love, hope and redemption. The gifts of the Holy Spirit are expressed in the divergent gifts, talents and resources of many. These in turn are given expression in numerous ministries that serve those in need. Vatican II emphasizes the importance of every individual’s role in bringing about the presence of Christ by using his or her gifts and talents to serve in the building of the Body of Christ. Openness to the Spirit, prayerful discernment, and taking action are inherent in the life of a Catholic.

Typically, a parish community is the setting in which the gifts and talents of individuals are given in the service to others. Each parish represents the whole Church because each contains the fullness of the Christian life. The 1983 Code of Canon Law, Canon 515, describes the parish as “...a certain community of Christ’s faithful stably established within a particular Church, whose pastoral care, under the authority of the diocesan Bishop, is entrusted to a parish priest as its proper pastor...”

The Diocese of Sacramento

Founded May 28, 1886 the Diocese of Sacramento encompasses the resources of over five hundred thousand Catholics who serve to make the presence of Christ known in all they assist. The clergy and laity serve in 105 parishes, 42 missions and 3 Newman Centers extending over 20 counties from Sacramento to the Oregon border, the Central Valley to the Nevada border. The Pastoral Center in Sacramento serves as the focal point and offices for Bishop Jaime Soto, secretariats for temporalities and administration, vocations, pastoral ministry and delegate for religious, clergy and religious, social services, canonical affairs, and theological affairs. One seminary, 8 high schools, 43 elementary schools, 6 hospitals, 9 Deaneries and a radio station also facilitate the clergy and laity alike in building the Body of Christ.

Organizational Needs

Inherent in each of these communities/activities is the need for a type and degree of organization. Organization is unique to each community and accomplishes the ideal of unity expressed in Ephesians 4:3-6, “Do your best to preserve the unity which the Spirit gives by means of the peace that binds you together. There is one Body and one Spirit, just as there is one hope to which God has called you. There is one Lord, one faith, one baptism; there is one God and Father of all, who is Lord of all, works through all, and is in all.” This central purpose of a Christian community guides each entity as it gives shape to its organizational structures: administrative, managerial and ministerial.

The Future: Transparency and Accountability

Good, sound business practices are vital for all parishes. Importantly the future of any activity in the Church must ensure the visibility and integrity of all Church affairs. Paramount is the strengthening of financial oversight mechanisms at both the diocesan and parish levels. Transparency, accounting integrity, vigilance and good management are the benchmarks we strive to achieve in our temporal affairs.

Central to good stewardship of Church resources is accountability. All people in the Church are accountable for their response to the Lord and for the ministries to which they are called. In 1 Pet. 4:10 St. Peter explains, “Each one, as a good manager of God’s different gifts, must use for the good of others the special gift he has received from God.”

Those called to be pastors and administrators are accountable to the Bishop and the parish for their day-to-day performance in managing the financial and other affairs of the parish community.

The Parish: Canon and Civil Law

The operation and administration of a parish is governed by the provisions of the 1983 Code of Canon Law, the statutes of the State of California and the United States Government, and the administrative policies and procedures promulgated by the Bishop of the Diocese of Sacramento. The pastor/priest administrator represents the parish in all juridical matters. He is charged with the responsibility of seeing to it that the goods of the parish are administered in accordance with all relevant canons. The canons specify that each parish have a finance council. It is a mandate of the Bishop of the Diocese of Sacramento that each parish have a Pastoral Council to aid the pastor/priest administrator and parish stewards in the management of the parish. Emphasis is placed upon the principles of co-responsibility and accountability that follows in the post-Vatican II Church. One canon in particular, Canon 1284 requires all administrators to fulfill their office with the diligence of a good householder. The Canon lists specific duties and responsibilities involving the management of goods, financial actions, keeping books, preparing reports, and budgeting. These responsibilities for administrators, financial personnel and all parish organizations, along with the directives of the Bishop of Sacramento provide the basis for the existence of this Parish Financial Management Handbook.

This Parish Financial Management Handbook is designed as a living document i.e. it provides useful guidance for pastors, parish administrators and stewards, parish pastoral and finance councils, and bookkeepers who will help achieve the goal of consistent parish financial accountability throughout the Diocese of Sacramento. Both content and organization contribute to this objective. This handbook delineates the specific responsibilities of the pastor, pastoral and finance councils, their relationship to each other and the parish community. The responsibilities of ministries and those who serve in them are also included. Relevant Canons that apply to the management of a parish in the 1983 Code of Canon Law include Canons: 515, 532, 537, 1276 and 1281-1287. Accounting and bookkeeping functions are reflective of current state and federal tax laws. Additions, deletions and updates will be posted to the online version of this handbook as laws change and suggestions are gathered from all who use this handbook.

About this Handbook

This handbook provides guidance to pastors, parish administrators, pastoral and finance councils, and bookkeepers that manage the financial affairs of the parish. It addresses practices and procedures for parish accounting, budgeting, financial reporting, and periodic financial review, and is meant to serve a key role in establishing consistent parish financial accountability throughout the Diocese of Sacramento.

Supporting the activities and operations of churches is a challenge and a necessity. The various activities of churches, limited financial resources, and a growing demand on the part of church members who want to know how and where their donated monies are spent are part of the growing need for good financial management. Financial reporting, good accounting and financial management are compelling reasons for the establishment of this Parish Financial Handbook. In the Diocese of Sacramento, which is organized as a corporation, the establishment of financial management practices and accounting standards help ensure the legal and financial integrity of each parish and the entire diocese. Clergy and laity share in this responsibility for the financial health of each parish. This handbook, with its guidelines and accounting procedures, serves to establish minimum standards that satisfy a milieu of laws governing our operations and provide a degree of standardization in the diocese in order to provide the necessary data to manage the diocese and all of its entities.

Good stewardship requires an understanding of how assets are used and how various needs are met. Good fiscal management requires a good accounting system. The accounting systems in this handbook are designed to achieve the goals of good stewardship and good fiscal management. The standards for accounting practices established in this handbook provide a standard chart of accounts and their definitions. Accounting for the parishes use the modified cash basis. The chart of accounts enables a parish to maintain either simplified or very detailed accounts depending on its needs. Regardless of the level of detail, the use of the chart of accounts results in all parishes using the same account numbers when accounting for the same type of transaction, resulting in consistency of data throughout the diocesan system.

Budgeting

Budgeting guidelines in this handbook emphasize the need to reconcile expenditures with budgeted amounts and that future expenses are based upon expected operations. The pastor directs this process with the assistance and monitoring of the parish finance council.

Financial Reporting

Transparency of finances, i.e. the ability to clearly understand how donated monies are used and allocated to meet the mission and goals of the parish and diocese is an imperative. This is accomplished, in part, by the regular and reliable reporting of financial operations. These reports reflect the financial details of the parish operations and do so in a way that is tailored to the needs of the reader. Weekly reports of previous offertory collections in Sunday bulletins are an example of the simplest form of reporting. More detailed quarterly reports are for those responsible for parish management. The annual report is communicated to the parish community in the context of reaching parish goals as set forth in the Pastoral Plan. This handbook also includes the detailed instructions for the annual financial report, which is also forwarded

to the Diocese of Sacramento. This report and its preparation provide the important information that assists in the evaluation of parish activities and the development of future parish budgets. The use of this annual budget information for reporting to the parishioners is important.

Financial Management Guidelines

Internal controls in parishes are usually the most important concern in financial management.

Separation of the collection of monies from its counting, recording and depositing in the bank is most important. The smaller the parish, the greater the difficulty in the separation of these duties. Emphasis is given to the proper organization of these functions in this handbook. An area of greatest concern is the handling of offertory receipts. Additionally, the handling of money for clubs, ministries, fund-raising activities and social functions in a parish is detailed in this handbook with the same emphasis on the proper handling of cash. Payroll, compensation and federal and state filing requirements are also explained. All parishes in the diocese are using the convenience of the ADP payroll system through the Diocesan Finance Office for their payrolls. This cost effective service includes all reporting functions to Federal and State agencies and greatly simplifies these legal and reporting requirements for the parishes that use these services.

The guidance in this handbook is intended to encourage ongoing management review of the parish financial affairs, ranging from internal reviews by parish staff and parish members to external reviews by diocesan staff or independent auditors. The Bishop has directed that all parishes be reviewed on a three-year cycle and/or when there is a change in pastors. The Chief Financial Officer for the Diocese and his staff are also available to answer questions, visit the parish to give assistance and provide tutorial sessions when needed. They may be reached at 916.733.0277.

Computer Software and Financial Management

The accounting systems of the Diocese of Sacramento use the current version of QuickBooks Pro software which is updated annually. It is the goal that all parishes and their bookkeepers use a current version of this system. The QuickBooks Pro system provides tutorial services for the use of its newest versions in the software program. Personnel in the Diocesan Finance Office are also available to provide assistance to the bookkeeper. Please phone 916.733.0277 to schedule this assistance. The use of the most current software will greatly enhance the parish's ability to accurately manage its finances and generate the data needed to meet its reporting requirements for budgets, quarterly and annual reports and to interact online with diocesan officer personnel. No parish should have QuickBooks Pro software older than 2011.

Quick Reference Guide

Guide to Frequent Parish Business Practices

This guide provides a very brief summary and overview of the most important subjects to be aware of in management of a parish. A more detailed and in-depth explanation of each subject is provided in the text of the handbook. Additionally, the staff and administration of the Diocesan Finance Office of are available to assist you and may be reached at 916.733.0277.

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Finance Council – Section 102 of Handbook

- A. Establishment.** Guidelines and Norms. Finance Councils are required by Canon Law. Additionally, good management and business practices are best achieved by having an active Finance Council. A thorough description of the Finance Council is provided in Section 102 of this handbook.
- B. Regular meetings.** Council meetings should meet at least quarterly. Monthly budgets and management of income and expenditures, comparison of budgeted amounts to forecasts, and planning for operating and capital requirements are appropriate topics for these meetings.
- C. Record of meetings.** Minutes of Finance Council meetings are kept and maintained in the parish office files. These documents record the main topics reviewed and any votes taken.
- D. Role of Finance Council member.** Each member serves in an advisory and consultative role to the Pastor, Parochial Vicar and Parish Steward. Parish staff e.g. business manager, steward, bookkeeper, principal may be regular attendees at a parish Finance Council meeting; their role is a staff resource role and not a voting member. The Pastor may require confidentiality of council members at his discretion.
- E. Communication of financial results.** Regularly communicate financial information to parishioners. Report weekly collections in the bulletin. Quarterly and annual reports explain the financial condition of the parish, including sources and amounts of income, parish indebtedness, unpaid bills, and parish savings and investments. A comprehensive report is an important element of accountability. Accountability and transparency will develop parishioner's willingness to give of their time, talent and treasures.
- F. Topics discussed.** Review and evaluate the internal controls concerning the accounting function, define specific practices, procedures, and techniques. Review, discuss, and approve the parish annual report. Monitor actual results to budgeted comparisons on a regular basis (at least quarterly), discuss reasons for variances. Assess the condition of the buildings and plan for improvements. Determine the effectiveness of any fund-raising activities.

Financial Reporting – Section 104 of Handbook

- A. Record financial transactions and prepare financial statements.** Financial transactions are recorded and monthly financial statements are prepared using a standard chart of accounts provided by the Diocese of Sacramento on QuickBooks Pro. *(Please see Appendix B for the chart of accounts and their definitions).*
- B. Financial records.** Records are not kept offsite at the residence of employees or other locations where access to the records is limited. Financial records are the property of the parish and are kept on the parish premises at all times.
- C. Parish financial reports.** The parish and parish school budget and annual report are reviewed and approved by the Pastor and Finance Council. It is recommended that the quarterly reports be shared with the Pastoral Council.
- D. Regular report preparation.** Financial reporting is done regularly and timely to facilitate control and corrective action. It is recommended that budget verses actual reports be prepared quarterly. Canon Law requires annual reports to the parish community.

Sunday and Holy Day Collections – Section 203.1 of Handbook

- A. Counting teams.** At least 3 unrelated people should be present when collections are counted. No one should ever sort and organize money prior to the arrival of the counting team.
- B. Proper rotation of count team duties and members.** Collections are counted by multiple counting teams, which are rotated periodically.
- C. Collections are to be handled properly.** Checks are restrictively endorsed during counting procedures, and a cash collection report is compiled and signed by counting team members. It is helpful to establish written cash handling guidelines for the counting teams.
- D. Adequate physical safeguards.** It is best to deposit daily all cash receipts, or secure them in a locked safe under dual control (access by two people). Limit entry to the safe to only those people requiring such access.
- E. Adequate segregation of duties.** Ideally different individuals complete the receiving, processing, recording, and bank reconciliation functions. This option is not always possible especially if there are only one or two individuals available to perform these duties. Separate these duties between the available people as much as possible. Perhaps the Pastor, or a volunteer parishioner with the proper background, can perform one of these functions on a monthly basis.
- F. Parishioner contribution statements.** Someone who is independent of the counting, depositing, and recording of collections prepares year-end parishioner statements. Reported variances between the donation and collection are investigated and resolved.
- G. Tracking parishioner contributions.** Develop written procedures to instruct the person completing the data entry. Do not back date envelopes to the Sunday date printed on the envelope, use the date of the collection. For example, families submitting multiple envelopes (for previous Sundays on one Sunday). These are entered with the Sunday date that the multiple envelopes were received, not the day the data was entered, or the Sunday dates printed on the envelopes.

Other Church Collections – Section 203.1 of Handbook

- A. Other church collections are to be handled properly.** Ideally, different individuals complete the receiving, processing, recording, and bank reconciliation functions. Gift acknowledgment forms are issued when donations of \$250 or more are received. Reported differences between the donation and collections are investigated and resolved.

Religious Education Collection of Fees – Section 203.3 of Handbook

- A. Fee collections are to be handled properly.** Pre-numbered receipts are issued for all revenue collections. Collections are to be secured under dual control and deposited on a regular basis and secured under dual control.
- B. Administration of student accounts.** Document all students registered under different fee plans to determine the accuracy of revenue collected on an on-going basis.

C. Fee collection plan. On a regular basis, review outstanding fee balances to determine if they are collectible. Establish a plan for the collection of past due fees. Payment plans and reminder notices may be utilized to collect past due fees. To aid in identifying past due fees, document all students registered under different fee plans to determine the accuracy of revenue collected on an on-going basis. Uncollected fees are waived only upon review and approval of the Pastor. Document unpaid fees.

Cash Disbursements – Section 204 of Handbook

A. Disbursements are approved. Original supporting documentation should be reviewed and approved by the Pastor or someone assigned by the Pastor. Types of supporting documentation include invoices or receipts that provide evidence of the transaction, and noted with the expense account to be debited. Invoice approval is recorded by signature or initials, and dated. Be watchful for bogus invoices sent by companies who have provided no goods or services.

B. Disbursements are supported by documentation. Verify that all items were received prior to presenting the invoice for payment. Check items received against documents for description, quantity, and prices. Checks may not be issued without an invoice or check requisition form. Check amounts are compared to the list of disbursements accompanying the checks. Invoices are cancelled to prevent reuse and retained as proof of the disbursement. Included on most invoices is information about the vendor, date of service or purchase, description of service provided or goods purchased.

C. Duplicate payments are prevented. Invoices are canceled upon payment to prevent duplicate payments. The number, date of the check, and amount are recorded on the invoice.

D. Proper controls over checks. Access to unused check stock is restricted; all voided checks are marked “void” and filed in the cancelled check file so as to maintain proper sequential order.

E. Checks payable to cash are prohibited. Checks are made payable to a person or organization. No check is made payable to “cash” and all checks should require two signatures (if neither is the Pastor’s or Parochial Vicar signature) for amounts over the limit set by the Diocese of Sacramento, currently \$2,500.

F. Use of credit cards and debit cards. Parishes may elect to use credit or debit cards to facilitate purchases. Adequate controls governing access, sign off, and documentation of type and purpose of purchases need monitoring. Parishes may not incur finance charges on a credit card and are obligated to pay any outstanding balances at the end of each billing cycle. Reconcile this account. If a major purchase is necessary, obtain the appropriate pre-authorization before purchasing the item. Statements are mailed to the parish address.

Also, maintain a list of cardholders. The list details the name of the cardholder, the account number, credit limit, and expiration date. Periodically review and update this list to reflect any changes. Credit cards are returned when an employee leaves their job or position.

G. Use of tax exemption letter: Determination of 501(c)(3) status. This document verifies the federal income tax exemption status of the Roman Catholic Church in the United States. (*Please see Appendix B*).

Petty Cash Fund – Section 202.4 of Handbook

- A. Designating funds to petty cash.** Petty cash funds are designated for small recurring expenses of the parish. Petty cash funds are not commingled with the funds used for benevolent gifts.
- B. Authorized custodian.** Assign a primary person to be responsible for processing transactions and serving as custodian.
- C. Petty cash transactions.** Record all petty cash transactions in a Petty Cash register to maintain a clear record of the payment of expenses with petty cash fund. A record of each petty cash payment is maintained to identify the person paid, the reason, the amount, and the date of payment.
- D. Replenishment of the petty cash fund.** Write a check from the parish operating account to “name of person-petty cash”. Never take cash directly from the Sunday collections or other income. Determine the total for the petty cash fund and periodically reimburse the fund to maintain this pre-determined total.
- E. Disbursements are supported by documentation.** Keep petty cash receipts to document the types of expenses, the payee, and number of transactions to determine that petty cash is appropriately used.
- F. Adequate physical safeguards.** Ideally store funds in a secure and locked drawer, box, or office.

Bank Accounts and Reconciliation – Section 202.2 of Handbook

- A. Identification of parish accounts at financial institutions.** The Pastor is a signer and a receiver of information for all parish accounts including auxiliary organizations. Periodically verify the existence of all parish accounts, including those for auxiliary organizations.
- B. Accounts at financial institutions are to be reported accurately and timely.** All parish accounts are included in the annual report submitted to the Diocesan Pastoral Center and to the parishioners. Include those bank accounts with zero balances. These accounts still reference the parish tax identification number and their transactions are processed through these accounts.
- C. Monitoring all parish bank accounts.** All original bank statements are to be mailed and retained in the parish office. If applicable, copies may be distributed to auxiliary groups. This will ensure that the Pastor is aware of all parish bank accounts utilizing the parish tax identification number.
- D. Bank account signature cards.** Bank signature cards are to be updated as authorized signers change. Signers that have left the parish or relinquished responsibilities for the account are removed as authorized signers.
- E. Bank accounts are to be reconciled monthly.** The Pastor must be a signer on all parish bank accounts. Bank accounts are reconciled each month and reviewed by an individual independent of the handling and recording of cash. Reconciling items are investigated and resolved.
- F. Excess operating and other funds.** Excess operating funds (those over 60days) are deposited with the Parochial Fund, Inc. of the Diocese of Sacramento. Funds collected for capital campaigns or building funds are also deposited with the Parochial Fund, Inc.

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- G. Safeguarding the use of the parish tax identification number.** The Parish tax identification number should be given only with the approval of the Pastor. Identify the reason for the use of the parish tax identification number: establish parish accounts, state and city licensing, etc. National organizations (e.g. Knights of Columbus, Boy Scouts, and St. Vincent de Paul Society) should not ask for or be given the parish tax identification number to use for their bank accounts or for their activities. The parish should maintain a log identifying the recipient of the tax identification number and the purpose for the request.
- H. Closing Bank Accounts.** Restrict access to unused check stock. When an account is closed, inventory the remainder of the check stock, and shred all unused checks.
- I. Automatic account debit.** Sparingly enter into an automatic debit arrangement. If the business relationship is ended, make sure the bank is instructed not to honor debits from the company. Determine what is required by the bank to cease this activity – complete bank forms, write a letter, and/or close the account. Make sure the requirements are satisfied. Maintain a file documenting any such arrangements.
- J. Choice of banking institution.** It is best to maintain parish bank accounts (operating, auxiliary group accounts, school) at one financial institution. Higher account balances may enable the parish to negotiate better terms and/or rates with the bank.

Employee Files

Refer to the *Human Resource Administrative Handbook of the Diocese of Sacramento* for complete descriptions of all Employee policies and procedures.

Compensation of Employees – Section 205 and Payments to Independent Contractors – Section 204.13 of Handbook

- A. Wages and compensation.** Wages and compensation are paid by check through the payroll system. Payments to employees, are always recorded in the financial records of the parish.
- B. W-2 and W-4 forms are retained in employee files.** All parish employees receive a W-2 Form by January 31st of each year.
- C. Issuance of Form 1099.** When payments of \$600 or more are made to a person or contractor during a calendar year, for other than W-2 reportable services, issue a Form 1099 MISC. Before issuing checks payable to individuals, verify the individual's social security number. Monitor payments during the year to determine if \$600 was paid to an individual. When an independent contractor is initially engaged, forms IRS W-9 (www.irs.gov/pub/irs-pdf/fw9.pdf?portlet=3) and DE 542 (www.edd.ca.gov/taxrep/de542.pdf) are completed and signed.
- D. Classification of workers.** A non-exempt employee is paid on an hourly basis. An independent contractor is paid by project. Independent contractors do not receive employee benefits, such as insurance, sick pay, and vacation pay. Payment of employee compensation is made through payroll with the appropriate taxes withheld. See Section 205.5 and Appendix A for detailed information about determination of employee status. Payments to independent contractors are made directly to the individual or company.

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- E. Payroll is prepared properly and timely.** The Pastor or his appointee reviews the employee signed time sheets prior to submitting to a payroll service. Check or direct deposit pays salary and wages; no employee is paid in cash. Employee contributions to a tax deferred annuity plan are remitted to a plan administrator no later than three days after a payday.
- F. Time sheets as documentation of hours worked.** Time sheets indicating the number of hours worked each day are required for non-exempt employees. Non-exempt must indicate the number of hours worked each day. Employees must complete and sign the time sheet before submitting to payroll. Retain time sheets for a period of three years.
- G. Filing federal and state taxes.** The Diocesan ADP service, is recommended to facilitate the filing of federal and state taxes on a timely and legal basis.
- H. Changes to employee status.** All changes to employment status are to be documented and must include the approval of the Pastor. Former employees are removed from payroll. Document the date of the status change and the date of the last check. The Office of Lay Personnel must be promptly notified of employment status changes for employees, including religious.

Contracts and Commitments – Section 404 of Handbook

- A. Parish contracts.** Parish contracts are processed according to Diocesan norms. These norms include consulting with the Parish Finance Council before committing parish resources in excess of \$15,000.
- In addition to receipt of Diocesan approval for all expenditures of \$15,000 or more, at least three bids must be received for all capital improvements and/or repairs to a parish or school. Building new buildings, refurbishing buildings, resurfacing of parking lots, painting projects, replacement of air conditioning units, roof repairs, carpets, and fencing projects are examples of projects which require a three bid minimum prior to approval of the project.
- B. Conflict of interest.** Engaging non-parishioners in contracts for goods and/or services helps maintain objectivity in the performance of the contract.

Auxiliary Organizations – Section 202.5 and Appendix B of Handbook

- A. Proper accountabilities.** It is strongly recommended that all auxiliary organizations, ministries and groups deposit all monies with the parish bookkeeper and that their funds be disbursed through the parish business office using check request forms with proper source documents attached to the request. All of these organizations are accountable to the Pastor. The groups prepare an annual report for the Pastor detailing financial activities, current balances if any, and a summary of the activities of the organization for the previous year. *(Please see Appendix B for Diocesan policy.)*

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- B. Signature of Pastor.** If any organization maintains its own bank account, the Pastor must be a signatory and receiver of information for that account.
 - C. Bank accounts.** The original bank statements should be mailed to and retained by the parish. A copy may then be forwarded to the organization.
 - D. Funds remaining at the end of the year.** At the Pastor's discretion excess funds at the end of the year in auxiliary bank accounts may be forwarded to the parish.
 - E. Recommended banking institution.** By maintaining all accounts at one banking institution more favorable fees and interest rates are usually obtained.
 - F. Use of parish Tax ID number.** Groups and organizations that utilize the parish tax ID number must account for all cash receipts and expenditures processed through their corresponding bank accounts.

Other Parish Programs and Events/Fundraisers

- A. Adequate segregation of duties.** Ideally one person should be responsible for sales and safekeeping of tickets, a second person responsible for treasury duties, and a periodic inventory of tickets by a third person.
- B. Signature of Pastor.** The Pastor is a signatory and receiver of information on any bank accounts held for these events. The original bank statement is mailed to and retained by the parish. A copy may then be forwarded to the group. The parish office is to administer the authorized signers and reconcile the bank account. Whoever reconciles the bank account is not to be an authorized signer on the bank account.
- C. Adequate physical safeguards.** The tickets are considered cash and handled appropriately. Keep the inventory of tickets on hand to a minimum, based on sales activity.
- D. Regular reconciliation of inventory.** Inventory is reconciled on a regular basis (at least weekly). The reconciliation form includes the original number inventory of tickets, printing of additional tickets, adjustments + or -, etc. and sales deposits by date to determine the calculated inventory. This is then compared to the actual physical inventory count. Any differences are researched, documented, and resolved. The reconciliation form is routed to the event moderator and the parish office with the appropriate signatures.
- E. Reporting of results.** Regular income and expense statements are submitted to the parish business office. These statements reflect cash in accounts, an inventory of tickets and the program profits.
- F. Written procedures and guidelines.** It is best to develop written guidelines and distribute these to event volunteers. Guidelines should segregate duties to distribute the responsibilities. This protocol will aid and protect volunteers in carrying out their duties.

G. Accounting for Events. Cash and checks are counted and deposited intact, never take cash generated from an event prior to deposit to pay for event related expenses. Receipts are retained to document a reimbursable expense.

Facility Inspections

A. Perform regular inspection of facilities. Please refer to the “Self-Inspection Program Checklists” found in the *Diocese of Sacramento Insurance Loss Prevention Program Guidelines for Parish and School Operation*. Encourage the parish maintenance staff or building committee to regularly, at least annually, inspect at least annually facilities and grounds. The results of the inspection will aid in planning for upcoming expenses and maintaining a good loss prevention record.

Real Property – Section 400 of Handbook

A. Purchase/sale of parish property. Contact the Diocesan Finance Office, at 916.733.0277, whenever you are contemplating the purchase or sale of parish property. The necessary approval of the Diocesan Bishop will be obtained through the Finance Office. This office will also originate the appropriate documents for the transaction.

B. Leasing parish property. Contact the Finance Office if you have property available to lease. The Finance Office will work with the parish to establish the rent amount and other terms of the lease. The Finance Office will help negotiate with the tenant and draft the lease agreement.

C. Tax Liability. Any parish property that is used for religious purposes is tax exempt. Any new property purchased is not automatically tax exempt. Contact the Finance Office to file the necessary documents which the appropriate government agency. This process usually requires a six to nine month period to complete. If you ever receive a tax bill, please fax it to the Finance Office 916.733.0295

Risk Management – Section 500 of Handbook

A. Self insurance loss program. All locations are insured through the self-insured loss program and are asked to implement practices and programs that will eliminate or limit the risk of any type of loss. The self-insurance program includes property, liability, automobile and worker compensation. Reduction of losses is good stewardship and will benefit all parishes and those they serve, by reducing premium costs.

B. Prevention systems and devices. Locations that experience repeated occurrences of fire, theft or flooding are asked to obtain and activate prevention devices, i.e., alarm systems and backup sump pumps.

C. Detailed inventory of contents. Covered locations must maintain a detailed inventory of assets. Items to include are works of art, items of significant cultural value, movable items of sufficient monetary value including these items: televisions, VCR/CD players, computers, printers, etc. The inventory lists the name of the item, description of the item, acquisition cost, date of acquisition

and serial number. Include a photocopy of appraisal for items that are unique. Video, digital discs or photographs can be attached to supplement any worksheets. It is best to maintain one copy of the inventory off-site at the Diocesan Archives.

D. Loss report for property, automobile, commercial and general liability. Immediately report any property, automobile, commercial general liability losses to Catholic Mutual at 800.228.6108.

E. Loss reporting for workers compensation. Immediately report any employee injury/workers compensation loss to LWP Claims Solutions Inc., Stacey Beane, 916-609-3611, Fax. 408-725-0395.

F. Loss resulting from use of non-approved contractors or volunteers. Property losses must be reported to Catholic Mutual. Losses caused as a result of non-approved contractors or volunteers may result in a Poor Practice deductible and/or limited coverage.

G. Standards for insuring automobiles. Automobile losses of Diocesan owned automobiles must be reported immediately to Catholic Mutual. Parish vehicles are to be used for business purposes. Authorized drivers must have a valid drivers license and a good driving record. Losses occurring as a result of non-parish use, or use of drivers with poor driving records may be subject to a Poor Practice deductible. Priests who privately own their automobiles must to include the Roman Catholic Bishop of Sacramento on their policies where possible, in addition to their own names. See Parish Financial Handbook, Section 500 for minimum amounts required for each type of coverage.

H. General Liability losses. General liability losses must be reported immediately to Catholic Mutual at 800.228.6108. Losses resulting from failure to repair a known condition in a timely manner, use of a volunteer for hazardous work, late loss reporting, use of contractor without a contract, or other violations of diocesan policy are examples of actions which may make a parish subject to a Poor Practice deductible.

I. Use of employee and volunteer labor. Employees and volunteers are encouraged to perform their work in a safe and thoughtful manner. The policy regarding the use of volunteers found in the Diocese of Sacramento Insurance Loss Prevention Program are to be followed. If they do disregard safe practices they are to be removed from service until compliance is assured. Volunteers are not to engage in hazardous activities that include: electrical, mechanical and plumbing, activities involving ladders or scaffolds and activities involving dangerous equipment or chemicals. Volunteers who use their own vehicles for parish activities are also required to carry minimums on their vehicle insurance. See the Diocese of Sacramento Loss Prevention Manual for specifics.

J. Rental of parish facilities. Parishes that rent their facilities for non-parish sponsored activities are to follow the established instructions/guidelines for use of Diocesan and Parish Facilities and liability insurance coverage. Use the "Liability Insurance for the Events of Outside Users at Diocese of Sacramento Facilities" form and follow the time lines to ensure that legal and adequate coverage is in place. Phone Catholic Mutual at 800.228.6108

K. Renting non-Diocesan facilities. When renting non-Diocesan facilities or submitting applications for funding of programs and you are asked to provide proof of insurance follow the Catholic Mutual instructions provided on form "Certificate of Insurance Request for Others", phone at 800.228.6108.

Safekeeping Records – Section 206 of Handbook

- A. Sacramental Records.** All sacramental records are stored in a secure area where these records are safeguarded against physical damage and deterioration. A fireproof safe is recommended.
- B. Financial Records.** All financial records documenting transactions should be available to the parish as needed. Records are retained for at least three years, and kept on the parish premises. Section 206 of this handbook details the many documents and the legally required time that each must be maintained.

Parish Administration



“I believe in Christianity as I believe that the sun has risen
not only because I see it, but because by it I see everything else.”

Author: Gerald Stanley Lee ,Source: Crowds (bk. II, ch. XVIII)

100

PARISH ADMINISTRATION

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SECTION 101

Pastor's Fiscal Responsibilities

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- 101.2 Just Treatment of Lay Employees 100-5

Pastor's Fiscal Responsibilities

Any operations transaction of a parish of more than \$15,000, and any capital expenses such as real estate, construction, automobiles and other major equipment must have the authorization of the Diocese. An easy rule of thumb to remember is that any such major decision involves the Pastor and the Bishop, or his appointed representative.

In addition to receipt of Diocesan approval for all expenditures of \$15,000 or more, at least three bids must be received for all capital improvements and/or repairs to a parish or school. Building new buildings, refurbishing buildings, resurfacing of parking lots, painting projects, replacement of air conditioning units, roof repairs, carpets, and fencing projects are examples of projects which require a three bid minimum prior to approval of the project.

Although a Pastor is not expected to perform all the duties of running a parish by himself, it is necessary that he understand all aspects of the administrative operation in order to properly oversee these activities.

RESPONSIBLE ADMINISTRATION OF TEMPORAL GOODS

101.1

As a juridical person under Canon Law, the parish has the right of ownership and administration of the temporal goods it has acquired (Canon 1256), but the Bishop has the authority over the general regulation of the disposition of temporal goods.

With the right of ownership and local control comes the duty of responsible administration. The Pastor, as chief shepherd of the parish, is accountable for the proper management of the finances, physical plant, real estate, risk management and issues of legality of the parish under his pastoral care.

FINANCES

The financial obligations of the Pastor include:

- Keeping accurate financial records
- Budgeting and controlling cash flow both on a short-term and long-term basis
- Managing parish assets
- Complying with federal, state and Diocese of Sacramento reporting requirements.

PHYSICAL PLANT

The Pastor is responsible for:

- Keeping the buildings and grounds in good repair
- Provision of facilities of adequate size and number for parish activities and worship services.

REAL PROPERTY

Although the corporation sole, i.e., The Roman Catholic Bishop of Sacramento, holds civil title to the land it is the Pastor who is responsible for:

- Initiating recommendations to the Bishop regarding sale, acquisition or lease of real property
- Filing for property tax exemption on qualified parish property
- Timely payment of property taxes on any nonexempt parish properties.

RISK MANAGEMENT/INSURANCE

To ensure the safety of the people and assets of the parish, the Pastor:

- Exercises all reasonable measures to prevent accidents
- Provides for proper insurance coverage for parish vehicles, property and activities
- Reports accidents, injuries, serious illness or death in a timely and accurate manner. (*Please see section 500 of the handbook*).

LEGAL ISSUES

The Pastor also has obligations to protect the parish and Diocese from adverse legal responsibilities, including:

- Knowledge of the legal status and legal requirements affecting the parish
- Compliance with all federal, state and local laws that apply to the parish and its personnel
- Proper reporting of all incidents or probable violations that may lead to litigation
- Referral of news media personnel to the Diocesan Communication person in the event of threatened litigation of a public or potentially scandalous nature.

POLITICAL ISSUES

"It is important to remember that the Church seeks to lift up the moral dimension of public issues, not to tell people how to vote or to evaluate political parties or candidates." This quote from the California Catholic Conference *Guidelines for Pastors and Parishes on Advocacy, Lobbying and Political Action* embodies the substance of the guidelines which guide pastors and parishes when considering any involvement in political activity. This publication provides comprehensive guidelines and specific examples of what is appropriate and inappropriate for pastors and parishes in the realm of political action. A copy of these guidelines may be found in Appendix B, in both English and Spanish, of this handbook. You may also visit the website of the California Catholic Conference at www.cacatholic.org to view and download these guidelines as well as other guides for political activity. The work of the Conference embodies the deliberations of Bishops, laity and legal counsel and is a recommended resource for this topic.

JUST TREATMENT OF LAY EMPLOYEES

In addition to administration of temporal goods, the Pastor is also responsible for the just management of the personnel of the parish, ensuring employees are paid a just and decent wage and that the civil laws regarding labor are meticulously observed (Can 1286). Specifically these duties involve:

- Maintaining adequate staff to accomplish the parish's mission while balancing budget realities
- Developing written job descriptions for each position with the Diocesan Lay Personnel office.
- Hiring and termination of employees in consultation with the Diocesan Lay Personnel office.
- Ensuring accurate and confidential employee records are kept
- Setting the appropriate compensation scale for the parish in accordance with Diocesan policies
- Complying with all applicable state and federal labor law requirements
- Timely reporting and payment of withheld taxes
- Evaluating employee performance by objective criteria.

SECTION 102

Parish Finance Council

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Parish Finance Council**PURPOSE OF FINANCE COUNCIL**

102.1

The Church recognizes the extent of the responsibility that goes with the fiscal management of the various operations that constitute the business of a parish. It also recognizes that fiscal management is not the primary focus of most Pastor's education and formation. For this reason, the Church has made provision in Canon Law for every parish to maintain a Finance Council to assist the Pastor in his duties of administering the temporal goods of his parish.

Canon 532 describes the Pastor as the authoritative representative of the parish. The Pastor is the chief administrator and legal representative of the parish's goods.

The Parish Finance Council is a consultative body of lay persons established to advise the Pastor in matters pertaining to the financial affairs of the parish.

Canon 537 provides that... "Each parish is required to have a Finance Council which is regulated by universal law as well as by norms issued by the Diocesan Bishop; in this council the Christian faithful, selected according to the same norms, aid the Pastor in the administration of the parish goods with due regard for the prescription of Canon 532."

Finance Councils fulfill two purposes. The first is to provide a means by which the Pastor receives expert help in caring for the temporal goods of the parish. The second is that it fosters a climate of openness and participation. A well-utilized Finance Council is significant in ensuring the adherence to responsible financial policies and avoidance of illegal practices. By fulfilling these two purposes, the Finance Council assures that the parish's temporal resources are properly maintained and utilized. As a result, the parish community may stay focused on its primary mission, which is the building of the Kingdom of God.

The 1983 Code of Canon Law establishes Finance Councils to assist the Pastor in planning, coordinating, guiding and directing of all aspects of parish life (Canon 537). It is also the policy of the Diocese of Sacramento that Pastoral Councils be established in each parish. While the two councils are separate and each has a different and specific role in the life and operation of the parish, they must work together for the good of the parish.

For the purpose of good planning, cooperation and accountability, it is recommended that a person chosen to be on the Finance Council act as liaison between the two councils and provide the Pastoral Council regular and timely reports (at least twice a year) on the financial status of the parish and the work activity of the Parish Finance Council.

In fulfilling its responsibilities the Parish Finance Council must be directed by the values of the Gospel as well as by good business practices. Efficient and effective use and management of parish resources must be measured as much by their contribution to parish mission and ministry as by commonly accepted business standards.

MEMBERSHIP

1. The Parish Finance Council is composed of not less than three and no more than five reputable and practicing Catholic members of the parish who are knowledgeable and skilled in financial matters, who have some management expertise and are known for their prudent judgment. Membership shall be by appointment of the Pastor who may consult with the Pastoral Council in making appointments to the Parish Finance Council.
2. Membership cannot include anyone who could have a conflict of interest from such affiliation nor can any close relative of the Pastor or Parochial Vicar be a member, nor should a married couple both be members, nor a spouse or close relative of parish or school staff be a member.
3. Neither Deacons nor parish employees may serve on the Council. They may, however, assist the Council in a staff capacity. For example, the parish bookkeeper cannot be a member of the Council, however, his/her attendance as a resource person at Council meetings may be helpful and at times required.

TERMS OF OFFICE

1. Members are appointed for a minimum of three years and a maximum of five years.
2. Terms should be staggered.
3. When a pastorate is vacant, all activity of the current Finance Council ceases until a new Pastor or administrator is appointed.

OFFICERS

1. The Pastor of the parish is the President of the Parish Finance Council. He presides over the meeting and receives the Council's proposals.
2. A Pastor may appoint a Chairperson. The Chairperson assists the Pastor in coordinating the work of the Council, in preparing for meetings and in implementing those proposals of the Council that have been accepted and ratified by the Pastor. The Chairperson performs other tasks as may be delegated, including, if the Pastor so desires, chairing and conducting the regular meetings of the Council. The Chairperson is appointed for a term of one year and may be re-appointed.

MEETINGS

1. The Parish Finance Council should meet monthly or as determined by the Pastor, but at least four times a year, i.e. during each financial quarter.
2. The Pastor ensures that minutes of each meeting be recorded. These minutes are forwarded to the Pastor for his approval and possible distribution to the other members of the committee. Consideration may be given to providing a copy of the minutes to the Parish Council and principal of the school, if one exists in the parish. In lieu of this, a report to these various groups and persons will ensure that the parish's financial matters are transparent, i.e., the financial affairs of the parish community are open and communicated to the parish.

COMPETENCE

The Pastor has authority from the Bishop and the universal law of the Church to decide and act on behalf of the parish (Canon 532). The Parish Finance Council is advisory to the Pastor and its decisions/recommendations are valid only when accepted and ratified by the Pastor. It is important, therefore, that the Pastor be central to the deliberations and the functioning of the Parish Finance Council. The relationship between the Council and the Pastor is supportive and by no means adversarial.

In order for the Parish Finance Council to fulfill its mission it needs access to fiscal information for its deliberations such as parish financial accounts and records. Such information is received and given in a spirit of confidentiality and prudence.

If the Pastor, in good conscience, feels he cannot accept the recommendations of the Council, it is best to fully and frankly communicate his reservations to the Council's membership.

ROLE OF THE COUNCIL

The Pastor shall consult with the parish finance council concerning any major commitment of parish or school resources in excess of \$15,000 before permission is requested of the Bishop.

1. To ensure that an annual budget is properly prepared, i.e. ministries, religious education programs and schools are to be included in the formation of the parish budget; and the Pastoral Council and Finance Council are to be in agreement that the budget is designed to meet the Pastoral Plan for the parish's short and long term goals. Since in many cases the school is the major component of the parish budget it should be reviewed in detail, approved and recommended to the pastor for final approval. The school budget must be approved by April 30. The parish budget's first draft is to be prepared by March 31 and the final version of the budget must be approved by the Parish Finance Council and the Pastor by May 31.
2. The implementation of Diocesan accounting policies described in the Parish Financial Management Handbook located at www.diocese-sacramento.org.
3. To ensure that the submission of the Annual Financial Report for each fiscal year (July 1-June 30) is prepared and submitted to the Diocese of Sacramento Finance Office by August 31 each year.
4. Provides consultation concerning any commitment of parish or school resources in excess of \$15,000.
5. To ensure that excess parish funds are deposited in The Parochial Fund, Inc., i.e. the "parish bank" for the Diocese of Sacramento. Excess funds are those monies that exceed two months operational needs.
6. To evaluate and to make recommendations regarding the needs and the effectiveness of the parish's support through the Sunday Offertory and other fund raising activities of the parish and school.
7. To develop short and long-term plans for the financing of necessary repairs, renovations and purchases.
8. To provide the Pastoral Council with periodic reports (at least twice a year) on the financial status of the parish.
9. To meet all requirements of federal and state tax laws and maintain an accurate record of payment.

10. The Pastor shall consult with the parish finance council concerning any major commitment of parish resources in excess of \$15,000 before permission is requested of the Bishop.
11. Ensure that donations of cars, bequests, gifts, especially those with restricted purposes that are received by the parish, are administered in accordance with the donor's wishes. Such gifts are to be processed in a timely manner, including written correspondence to donors which provides the parish tax identification number. A permanent file of such gifts is also maintained.
12. Where appropriate, develop a Project Funding Loan Repayment Plan for major parish construction or acquisition projects. This plan would be prepared in consultation with Diocesan Chief Financial Officer who assists the parish to meet its goal in this type of project.
13. In addition to the duties outlined above, it may sometimes be appropriate for the Finance Council to assume loss control responsibilities for the parish. Loss control awareness is intended to help protect parish assets and resources from costly losses and increased insurance premiums resulting from those losses. By establishing a safety-conscious awareness in and around parish buildings, the parish will protect staff and parishioners from accidents resulting from carelessness or simple oversight of safety issues. A Parish Buildings and Maintenance Committee may also be a benefit in developing this awareness and actually perform many of the needed safety tasks through volunteers in the parish who have experience in various trades. Their skills and resources are an asset in keeping parish grounds/ buildings safe and in good repair.
14. Assist in ensuring that an adequate system of internal control is in place at the parish, including assistance in the implementation of recommendations made via Parish Financial Operations Reviews.

CONFIDENTIALITY

102.8

According to Canon 127, all whose consent or counsel is required are obliged to offer their opinion sincerely and, if the seriousness of the matter requires it, to observe confidentiality. The Pastor can insist upon this obligation.

Summary

- The Finance Council is an important part of the parish community
- Advises the Pastor on parish financial affairs
- Helps with budgeting and financial reports to the diocese
- Provides consultation concerning any commitment of parish resources in excess of \$15,000
- Helps with reports to the parish community
- Meets at least quarterly and keeps minutes of meetings
- Maintains professional confidentiality

SECTION 103

Annual Operating Budget

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Annual Operating Budget**PURPOSE**

103.1

A budget is a systematic approach to parish finances which realistically estimates income, efficiently controls expenditures, and helps the parish to focus on ways in which to improve parish stewardship. The budget is the financial plan of action for the parish.

All parishes and parish organizations are required each year to develop an annual operating budget to help guide and monitor their financial operations during the ensuing fiscal year. Developing an operating budget requires little more than formalizing the parish's defined pastoral objectives in the form of a financial budget. This budget forecasts receipts and expenditures for the fiscal year beginning July 1. The annual budget is prepared by the Pastor in conjunction with the Parish Finance Council. It is appropriate during the budget formation process for the Pastor and Finance Council to consult with and obtain input from parish financial staff and department/ministry directors or coordinators. For example, each ministry/department prepares a preliminary budget for its area and forwards this to the Pastor for his approval. These department budgets are then used to prepare the final parish budget. If a parish has an elementary school, the parish budget includes the subsidy to the school's budget in the preparation of the parish budget. When based on the Annual Pastoral Plan of the parish and prepared with proper input, the annual operating budget can be an invaluable tool in helping the parish to follow its pastoral mission through the careful monitoring of its income and expenses.

The school budget must be approved by the Finance Council and the Pastor by April 30. The parish budget's first draft is to be prepared by March 31 and the final version of the budget must be approved by the Parish Finance Council and the Pastor by May 31.

PREPARATION OF THE ANNUAL OPERATING BUDGET

103.2

Preparation of a parish budget should include the following steps:

SET OBJECTIVES WHICH ARE DERIVED FROM THE ANNUAL PASTORAL PLAN

The Annual Pastoral Plan, which is developed by the Pastor in conjunction with the Parish Pastoral Council, describes specific strategies for how the parish will promote the spiritual growth of the parish community in the ensuing year. It is this document which, by establishing budget expectations for program and ministerial development, forms the basis of the annual operating budget for the parish.

ESTIMATE OPERATING INCOME AND EXPENSES

Parish income and expenses usually do not significantly fluctuate from one year to the next. Estimating income for the next year includes influences such as growth in the community and the parish; the general condition of the local and regional economy; the stability of specific area industries which may be integral to the lives of parishioners; and other economic influences.

Perhaps most importantly, though, when estimating both income and expenses, is that the parish assess the financial impact of new or expanded programs or ministries which the parish hopes to implement during the next year, and adjust its budget projections accordingly.

The parish may find it helpful to better manage and project operating expenses by viewing them first in the context of broad categories such as payroll, fixed expenses, program expenses, other operating expenses, and capital projects. Then, once a general allocation of parish expenses has been defined, the parish can narrow the budgeting process to individual line item accounts.

The budget should include an amount from the parish's excess operating receipts to be set aside for future capital maintenance projects and contingencies. Any capital projects which the parish anticipates beginning during the next fiscal year should also be accounted for in the parish's budget. Such projects may include replacement of roofs, flooring, renovation of buildings, repaving parking lots, etc.

It is important for the Pastor and Parish Finance Council to review the final draft of the budget with the parish staff and department or program directors or coordinators, since it is these individuals who will be most responsible for operating within the budget projections. Once the budget has been adopted, a summary can be made available to all parishioners, at the discretion of the Pastor. Communicating the annual budget to the parish community explains to those who provide the financial resources to the parish how their donated monies are used. This in turn engenders and promotes confidence and trust in those who support the parish about those who manage and use the monies they give.

OPERATING RESULTS

103.3

Each year, parishes are expected to operate with operational receipts at least equal to operational expenses. After the parish receipts and expenses have been estimated during the budget formation process, the budget should be balanced i.e., not show an operating deficit. If it is not balanced, review the budget criteria to determine in what ways the parish may increase its receipts or cut projected expenses. Throughout this process, however, the budget should remain consistent with the goals and objectives of the parish's Pastoral Plan. The Pastor is the final authority over the adoption of the parish budget. .

MONITORING

103.4

It is important that throughout the fiscal year that the Pastor and the Finance Council monitor on a monthly basis the parish and school's actual income and expenses against the budgeted amounts. This comparison of budgeted and actual receipts and disbursements will not only measure income and expenditures in terms of their budget projections, but can also help to identify unapproved expenditures or incorrectly posted transactions. Significant variances between budgeted and actual amounts should be investigated and explained. Managing the parish's financial operations in this way most likely will help the parish to end the year with an operating surplus.

SECTION 104

Parish Financial Reporting

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Parish Financial Reporting**MONTHLY REPORTS**

104.1

Every parish prepares on a monthly basis, a Profit and Loss Statement, Balance Sheet and a Year-to-Date Budget Performance report. These reports are sent directly to the Pastor and parish finance council members and reviewed on a monthly basis by the Pastor and the Finance Council whether they meet or not.

ANNUAL PARISH FINANCIAL REPORT TO THE DIOCESE

104.2

Parishes are required to submit an Annual Parish Financial Report of their financial activities for the fiscal year ending June 30. The report is due at the Diocesan Finance Office by August 31.

INSTRUCTIONS FOR PREPARING THE REPORT

(Please see Appendix A for instructions on preparing the Annual Parish Financial Report.)

COMPLETING THE REPORT FORM

Whenever the amounts on a Parish's Annual Parish Financial Report do not agree with the corresponding amount on the parish books, a clear reconciliation and explanation must be included. This reconciliation is to be attached to the parish's copy of the Annual Parish Financial Report and stored in the parish records.

Parishes that process their accounting through QuickBooks Pro and follow the standard chart of accounts for parishes provided by the Diocesan Finance Office, can submit a Profit & Loss Statement for the fiscal year in lieu of completing the inside page of the annual report. The parish should also submit a Previous Year Comparison Balance Sheet as of the end of the current fiscal year.

ANNUAL REPORT TO THE FAITHFUL

104.3

In accordance with the provisions of Canon 1287-2, parishes are required to provide parishioners with a report of the financial condition of the parish at least once each year. However, quarterly reporting is strongly encouraged. This report helps to increase parishioner awareness with regards to the financial operation of the parish, and helps to reinforce the value of good parish stewardship. These reports are prepared, published and presented to parishioners by the pastor in conjunction with the parish finance council. *(Please see Appendix A for a sample letter and form for presenting the annual report to the parish.)*

REPORTING BY PARISH ORGANIZATIONS AND SOCIETIES

104.4

Each parish society, organization, or group operating in the parish prepares a written report to the Pastor at least annually as of June 30 each year. This report includes at least the following:

1. A summary of the activities of the society, organization, or group during the year.

2. A financial summary that begins with the cash balance of the society, organization, or group as of the beginning of the year, plus the receipts received during the year, minus the disbursements made during the year, and ending with the reconciled cash balances as of the end of the year.

(See *Policy for Parish Societies, Organizations, or Groups* in Appendix B.)

REPORTING BY PARISH SCHOOLS AND PRESCHOOLS

104.5

Parish schools and preschools are important ministries of the parish and play a significant role in the financial stability of the parish. Schools must prepare financial reports on a monthly basis for review by the Pastor and the Parish Finance Council. The goal of these reports is to portray accurately the financial status of the school and/or preschool. At a minimum, such reports include a Balance Sheet, a Profit & Loss Statement, a year-to-date Budget Performance Report, and a report of the status of tuition collection (accounts receivable) and fund raising efforts by the school and its support groups.

Schools also complete an *Annual School Financial Report* for the Diocese of Sacramento. In addition to budget details for a fiscal year, this report supplies information about student enrollment, scholarship assistance, bank and investment accounts and the condition of the school.

PARISH FINANCIAL OPERATIONS REVIEW

104.6

Parish Financial Operations Reviews are performed once every three years or when there is a change in pastors. The objective of this review is to assist the parish in ensuring that proper stewardship of parish assets is achieved through the use of standard financial procedures and practices, more commonly known as internal controls. The process includes an on-site review; preparation of written Report of Recommendations; a meeting to discuss the report with the pastor and parish finance council; implementation of the recommendations by the parish; and a written response from the parish signed by the pastor and members of the parish finance council. In accordance with Diocesan statutes, full implementation of these recommendations is to be completed within six months of the date of the review.

Parish Financial Procedures



“Blessed are the poor in spirit,
For theirs is the kingdom of heaven.”

Author: Gerald Stanley Lee ,Source: Crowds (bk. II, ch. XVIII)

200

PARISH FINANCIAL PROCEDURES

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SECTION 201

Accounting

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Accounting**PURPOSE**201.1

Accounting for the financial activity of a parish requires the methodical gathering, recording, verifying, summarizing, and reporting of the parish's financial activity. In an operation as complex as a parish, there is a clear need for an orderly means of tracking the financial activity of the Church. By utilizing a methodical accounting and bookkeeping system, we encourage faithful stewardship of the contributions of the People of God.

The Diocese of Sacramento and all parishes operate on the basis of a fiscal year (a business year), from July 1 through June 30. Parishes are required to maintain their financial records in accordance with this fiscal year schedule. Records are kept of all monetary transactions in the daily operation of the parish, both of money coming in (receipts) and going out (disbursements). All transactions must be recorded in the books within the fiscal year in which they occur.

The one exception to the above is payroll. Payroll is the only area of the parish's financial operation that is maintained on a calendar year basis. Accordingly, all payroll records and documentation are organized, filed, and stored by calendar year.

BASIS OF ACCOUNTING201.2

Parishes in the Diocese of Sacramento use the modified cash basis of accounting. The modified cash basis for accounting is a compromise between the cash basis and accrual basis. With this method, transactions are recorded on the cash basis and some may be recorded on the accrual basis.

CHART OF ACCOUNTS201.3

Parishes are to use the standard parish chart of accounts that is provided by the Diocesan Finance Office. Following the standard chart of accounts for parishes will ensure that the parish's financial reports are consistent with the diocesan reporting format, and will greatly simplify the process of preparing the Annual Parish Financial Report. *(Please see Appendix "B" for the current chart of accounts and account definitions for parishes.)*

ACCOUNTING SYSTEMS**COMPUTERIZED ACCOUNTING SYSTEM**

Parishes are now using QuickBooks Pro, a computerized accounting system that has proven to be the most practical and efficient way of managing parish finances. QuickBooks is accurate, easily learned, user friendly, handles parish budgets and produces reports that conform to the annual reporting requirements of the diocese.

In order to protect the financial information in QuickBooks, data must be saved daily and stored off-line in an external media. While it is possible to store daily activity in the hard drive, such a choice leaves the vulnerability that if the computer “crashes”, all work will be lost. Therefore the strongest recommendation is to store daily activity in an off site media. To backup QuickBooks on a daily basis click on File, then click on Backup and in this window set the number of times the system is to automatically back up the books. Storage off line may be placed in a CD, plug-in flash drive, or to the QuickBooks storage system.

Staff from the Diocesan Finance Office is available to assist the parishes with QuickBooks and to help the parishes stay up-to-date with the latest QuickBooks software.

PARISH REVIEWS AND ASSISTANCE

201.5

Parish financial operations reviews are performed at least once every three years, and are always performed upon a change in Pastor. The goal of the review is to assist the Pastor and parish in ensuring that proper stewardship of parish assets is achieved through the use of standard financial procedures and practices. These standard financial procedures and practices are often referred to as Internal Controls.

A staff member of the Diocesan Finance Office arranges with the Pastor and bookkeeper a mutually agreed upon time for the review. The diocesan staff member or an independent accountant will visit the parish for two to three days to review parish records and financial practices. Following this visit a comprehensive report is provided the Pastor with commendations and recommendations. A follow-up meeting with the Pastor and the Parish Finance Council is designed to assist the Pastor and Parish Finance Council with the implementation of recommendations.

Diocesan Parish Financial Services Coordinators are available to assist the Pastor, bookkeepers, and other members of the parish to review, clarify and create financial procedures that assist in the temporal organization of the parish. Please phone 916.733.0277 to contact a parish coordinator.

SECTION 202

Standard Financial Procedures – Cash Management

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Standard Financial Procedures – Cash Management

CASH

202.1

The handling of cash is a primary concern of financial control in any organization. Therefore, establishing good procedures and internal controls for the handling of cash is more important than in ANY other area of parish finances.

“Internal control” refers to the degree of cross-check between different individuals with responsibility related to a given transaction. When a proper system of internal controls over cash is enforced, more than one person will be involved in every transaction involving cash. This provides the needed cross-check of one to the other for the protection of the parish, the individuals responsible for handling cash and accuracy in recording cash. It is essential that good internal controls be maintained in all aspects of cash procedures.

BANK ACCOUNTS AND THEIR SECURITY

202.2

It is best to include all of the parish’s cash accounts (checking and savings) including all parish ministries, societies and organizations on one set of books, i.e., within one QuickBooks Pro company. The parish, as a single entity, structures its books and financial reporting system as one entity, with all of its cash and bank accounts in one all-inclusive set of books. The practice of establishing multiple QuickBooks companies to accommodate multiple cash accounts isolates and disconnects various portions of the parish from each other, when in fact each portion is integral to the parish as a single, whole, and complete entity. The result of dividing the financial reporting system into two or more disconnected sets of books, is that the parish’s financial reports become distorted and incomplete, unless the financial reports of every one of the parish’s Quickbooks companies are printed concurrently and then manually consolidated into a single combined report.

The security of parish financial systems is of great concern. In the high tech global economy in which we now live exposure to loss is surfacing in new ways every day. Parishes are experiencing fraud in greater numbers, especially in the area of check fraud. As good stewards we must continue to protect parish assets by strengthening our defenses against these dishonest practices. We can no longer assume that losses will be covered by someone else, i.e. banks are frequently no longer automatically responsible for absorbing losses on fraudulent checks especially if they are not informed of a fraudulent check or theft in an account within twenty-four hours of clearing the account! This means that the parish will loose any money fraudulently obtained from parish accounts. In some cases this has cost parishes tens of thousands of dollars.

The following procedures are strongly recommended for implementation as may be practical and appropriate to protect the funds of your parish, school or agency:

1. Daily, first thing in the morning, review the bank accounts online and verify that all charges to each account were authorized by comparing them to the check register or other supporting documentation. Report immediately to your bank any unauthorized items.
2. Do not have Overdraft Protection active on your checking account(s). This way any large fraudulent items will not be automatically covered by the bank, but you will instead get a call from the bank.

3. If your checking account has had any fraudulent activity, immediately close the account and open a new account.
4. Do not maintain large balances in your checking account, but instead keep these balances to a minimum. This will prevent any unforeseen large checks from being paid by the bank, and you will instead get a call from the bank.

Note that the Diocesan policy allows for parishes to maintain local bank accounts with total account balances not to exceed the equivalent of two months of operating expenses; i.e. working capital only. All savings in excess of working capital are required to be in The Parochial Fund Inc. Nevertheless, a parish may hold its working capital in combination of checking and a money market account or its equivalent. This structure will allow the parish to maintain a low balance in its checking account and use the money market account to fund the checking account as needed. You will need to talk with your local bank to discuss how best to accomplish this arrangement.

5. Review paid checks immediately upon receipt of your bank statement and reconcile your bank accounts within a week of receiving the statement so that any unauthorized items are identified.
6. Secure blank check stock.
7. Access to the accounts by the bookkeeper should be extremely limited without the ability to access the money or transfer funds. If access cannot be limited to View Only, then the bookkeeper should not have direct access to the accounts.

If you need assistance with any of these matters, please phone the Diocesan Finance Office at 916-733-0277.

AUTHORIZATION FOR BANK AND CASH ACCOUNTS

All checking and savings accounts that are maintained by the parish are established under the name of the parish and authorized by the Pastor.

ACCOUNT SIGNERS

The Pastor is the designated signer on all parish checking accounts. If the Pastor is temporarily away and checks are needed, the Pastor may designate the following alternate check signers in this order of priority: the Parochial Vicar, a Priest in residence, the Parish Steward, or the chairperson **and** a second member of the Parish Finance Council. A Religious employee or an ordained Deacon may also be granted sole check-signing authority by the Pastor, up to a maximum of \$2,500 (or less, at the Pastor's discretion). Such checks which are issued in an amount greater than the designated maximum (\$2,500, or less) require a second signature by a member of the Parish Finance Council. Whenever a priest, religious, or a deacon is unavailable for check signing purposes, two lay signatures are required.

Basic internal control principles require that a person responsible for maintaining the parish books may not have check signing authority. This proper segregation of duties principle therefore, precludes all parish financial staff from signing parish checks.

The use of a signature stamp or a signature plate for the purpose of check signing is prohibited.

BANK RECONCILIATIONS

Unopened bank statements are given to the Pastor or at his direction to a member of the Parish Finance Council to open and review as soon as they arrive in the mail. This review includes thumbing through the checks looking for unauthorized or altered signatures; a quick look at the payees to determine that all enclosed checks were issued to authorized payees; a search for checks which are of a different style (shape, color, and size) than those of the parish account; a review of the bank statements to determine that all cleared check numbers are within the number sequence of checks currently in use by the parish; and a general review of the bank statement account balances, deposit transactions, cash transfers, etc. for reasonableness. Following this procedure will help discover bank errors and the issuance of any unauthorized checks.

Once the bank statements are properly reviewed, they are given to the bookkeeper to be reconciled. Bank statement reconciliations are performed on all cash accounts each month. The bookkeeper includes a clear explanation of all adjusting entries on a detailed bank reconciliation report, which is printed and attached to the bank statement and returned to the Pastor or at his direction a member of the Parish Finance Council to review and approve in writing. The summary report option found in the QuickBooks bank reconciliation process is not used, as this report does not provide sufficient transactional detail.

To facilitate the retrieval of canceled checks, file them in a check storage box in numerical order.

TRANSFERS BETWEEN CASH ACCOUNTS

Transferring funds between cash accounts requires the same level of security as signing checks. Only persons authorized to sign on the checking accounts are authorized to transfer funds between accounts. Please see Appendix A for a downloadable form entitled: "Request For Transfer of Funds", which may be used by a bookkeeper to obtain approval for transfers between money market and checking accounts. Likewise for any check requests that are not supported by invoice approvals, a Check Request form should be completed and signed for approval by the Pastor prior to the making of the check. This form is available in Appendix A.

Transfers between cash accounts that are on the same set of books (i.e., within the same QuickBooks company) are recorded as a debit to the account to which the funds are being transferred, and a credit to the account from which the funds are being transferred. If such a transfer is done by issuing a check from the transfer-from account, this account will be automatically credited when the check is recorded. Caution: since the transfer transaction has already been recorded at the time the check from the transfer-from account was written, it is not necessary to record the transaction a second time, as a deposit in the transfer-to account; the deposit entry has already been posted.

OUTSTANDING AND VOIDED CHECKS

Uncleared (outstanding) checks that are more than six months old are voided and, if necessary, re-issued. Voided checks that the parish has in its possession are not destroyed, but marked "Void" across the face of the check, and filed with other canceled checks in the check storage box.

OPERATING CASH

In order for parishes to maximize the earnings potential on their cash, no more than the equivalent of two months of normal operating cash is kept locally by the parish. Funds in excess of two months of operating cash are to be deposited with The Parochial Fund Inc. Parishes are prohibited from depositing excess funds with other financial institutions.

SAVINGS ACCOUNTS

202.3

THE PAROCHIAL FUND INC., A CALIFORNIA NON-PROFIT RELIGIOUS CORPORATION

The Diocese of Sacramento Parochial Fund, Inc. (PFI) operates as the “parish bank,” in that parishes and parish schools make their savings available for financing the construction, expansion, and maintenance projects of parishes, schools, agencies, and other groups within the diocese. The Parochial Fund Inc. contains no diocesan funds, nor are the funds of the PFI commingled with diocesan funds. All PFI funds are provided by parishes, and parish schools.

Parishes and parish schools that keep funds in excess of two months operating cash on deposit in the PFI earn a variable rate of interest that is compounded quarterly. Loans made from the PFI are currently charged 6% interest, fixed.

Parishes deposit funds into the PFI by sending a check to the Parochial Fund, Inc., P.O. Box 189666, Sacramento, California 95818 marked with the account number where the funds are to be deposited. Withdrawals of funds from the PFI must be authorized by the Pastor and must be consistent with the policies which govern the operation of the PFI.

A parish may have multiple savings accounts in PFI and with a different name if desired. A statement of account is sent to the parish monthly for each account held in PFI.

All transactions in each of the parish’s PFI savings and loan accounts are recorded by the parish on its set of books as of the date of each transaction. *(Please see Series 700 of this handbook for more information on the Parochial Fund Inc.)*

IMPREST PETTY CASH FUND

202.4

It is a good practice for parishes to have an imprest petty cash fund on hand to pay incidental expenses such as postage due, etc.

ESTABLISHING THE FUND

An imprest petty cash fund is established by adding a cash account called “Petty Cash” to the chart of accounts, and then issuing a check made payable to “Petty Cash – (Employee Name)” for an amount that would reasonably accommodate the petty cash needs of the parish. The initial check is charged to the petty cash account number on the parish books when the check is written. The check is then cashed at the bank, and the cash kept in a secure, locked box and stored in a secure location such as a locking file cabinet or a safe.

RESPONSIBLE PARTY ACKNOWLEDGMENT RECEIPT

The petty cash box usually remains in the custody of one person. The custodian is responsible for ensuring that adequate control is maintained over the fund, that approved receipts are returned to the custodian of the fund, and that the fund remains in balance.

USING PETTY CASH VOUCHERS

Any person needing petty cash from the box completes an approved petty cash voucher and gives it to the custodian of the fund for the amount needed. Once the purchase has been made, the purchaser returns with any petty cash “change,” along with the receipt of purchase, which he or she has signed and coded, and gives both to the petty cash custodian. The custodian then removes the voucher and replaces it with the actual purchase receipt and the change. In this way, the total of vouchers, receipts, and cash will always total the initial amount in the fund.

REPLENISHING THE FUND

When the cash balance of the fund needs replenishing, the receipts are categorized and totaled according to type of expense (e.g., postage, office supplies). Then, a check, payable to “Petty Cash – (Employee Name),” is issued for the total amount of accumulated receipts. This check is charged in the appropriate amounts to the various expense categories represented by the receipts. The individual receipts are then canceled with some evidence of payment made, so as to prevent them from being reused. This cycle is repeated as necessary.

PARISH MINISTRIES AND PROGRAMS

202.5

PARISH MINISTRIES, PROGRAMS, AND FUND RAISING GROUPS

Parish ministries, programs, and fund raising activities are part of the normal operations of every parish. It is inappropriate for the parish to hold funds which are related to these activities, in trust. Rather, the income that is derived from these activities is considered to be parish income, and recorded as such on the parish books. Similarly, expenses related to parish ministries, programs, or fund raising activities is recorded on the parish books as expenses in the appropriate department or cost center.

In general, avoid having more checking and savings accounts than is necessary. Occasionally, ministries, programs, or fund raising groups find it convenient to have their own checking account. Generally, though, such accounts can be avoided by having these such ministries, programs, or fund raising groups submit their receipts to the parish office to be counted each week by the collection counting team. Their invoices are also given to the parish bookkeeper to be processed for payment. In this way, all the receipts and disbursements related to these activities will be properly accounted for on the parish books, without the need for additional cash accounts.

If exceptional conditions call for any parish ministry, program or fund raising group to have its own checking account, the Pastor must be a signer on the account, and the account added to the parish books. The use of the account is limited, and all the transactions in the account are posted on the parish books. The unopened bank statement from such accounts is given each month to either the Pastor or a member of the Parish Finance Council to review, and then to the parish bookkeeper to reconcile.

PARISH LOAN/EMPLOYEE ADVANCES POLICY

202.6

Parishes are prohibited from giving private loans to clergy, religious, lay employees or others. Priests who need a loan are asked to contact the diocesan priest personnel office. Religious may contact their religious superior. Loans to employees are prohibited, including and especially those in the form of advances of payroll.

GIFTS FOR CELEBRATIONS SUCH AS ORDINATIONS AND RETIREMENT

202.7

Under no circumstances may parish money be used to pay, in whole or part, for ordination celebrations or the gifts associated with those occasions, retirement celebrations or the gifts associated with those occasions, or travel expenses that are not official parish business.

The costs of celebrations and gifts for those events in a priest's life may be provided voluntarily by parishioners and friends. For example, parishioners may organize a retirement dinner event in parish facilities where each parishioner donates towards the cost of the dinner. Parishioners may also donate towards the cost of a gift for the priest or personally give him a retirement gift at the dinner. No parish money may be used for these activities.

SECTION 203**Standard Financial Procedures – Cash Receipts**

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Standard Financial Procedures – Cash Receipts**OFFERTORY**203.1

GUIDELINES FOR PROTECTING A CHURCH'S OFFERTORY COLLECTION

The key to achieving a secure financial operation rests in the separation of responsibilities and duties to create a system of checks and balances in which no one person alone has total control over or access to the church's funds. This applies to all parishes. The only element that will vary is the degree to which those duties and responsibilities can be separated. Each parish must determine to what degree the various duties and responsibilities can be separated, based upon their size and the number of personnel, and the resources to do that. What is required in all cases is that every effort be made to achieve the greatest separation possible.

Establishing a secure collection process will accomplish three important goals:

1. Parishioners' gifts are properly deposited in the bank,
2. Volunteers and employees involved in the collection process are kept free of suspicion in the event of an unexplained loss, i.e. a good internal security system will protect the ethical volunteer/employee and ensure their good will and peace of mind.
3. In a spirit of "fairness", parish leaders will remove, as much as possible, any significant temptation to pilfer these monies.

BASIC INGREDIENTS FOR A SECURE SYSTEM

Before the level of security over any Sunday collection system can be considered adequate, the following general criteria must be met.

- The collection for each Mass or service must be secured, immediately after it is received. The method used must be such that each person in the chain of custody (from church vestibule to counting room and all points between) will know, through simple visual inspection, whether anyone had or could have had access to the funds.
- Detailed written operating procedures must be developed for the collection, transport, interim storage, opening, counting and banking operations. The counting procedures must provide for the presence of at least three counters before any sacks are opened, and establish continuous observation and control over the funds (especially the currency) by at least two (2) persons, from the moment the storage containers are opened until all funds have been counted independently by two (2) persons, verified, recorded on a witnessed bank deposit slip, and locked/sealed in a bank deposit bag. After the collection is counted and the deposit is prepared, the entire collection/deposit is taken immediately to the bank by at least two people who are **not** parish staff.
- Each week's count must be documented via standardized forms. These forms, when completed, clearly reflect whether or not the required counting and verification procedures were followed. The forms should be reviewed and filed each week by someone not otherwise involved in the counting and banking process.

The following recommendations meet the above criteria.

Tamper Resistant Collection Bags

Tamper resistant sealable plastic bags that are available from banks and office supply stores are a cost-effective means of establishing the necessary level of security. Bags measuring 24"x24" are adequate for all but the largest congregations. Anything smaller than that can make it unnecessarily difficult for the ushers to make the basket-to-sack transfer.

The bags should be purchased in sufficient quantity to provide two bags for each Mass or service. For example, a church having four weekend Masses/services and an occasional two-collection Sunday should have at least ten bags to handle two-collection Sundays and provide two spares for expanded Mass/service schedules on Holy Days such as Easter and Christmas. One such vendor is General Bank Supply (www.generalbanksupply.com/store/category/listall/241/plastic-desposit-bags).

COUNTING FORMS AND NUMBERED SEAL CHECKLIST

Sample forms, including a bag checklist are available for download and printing at P.S. SERVICES Website: www.ChurchSecurity.info. Use of these or similar forms to document the numbered-seal assignment as well as the counting and verification processes serves to protect the counting team from any allegations and also act as a deterrent to anyone who might want to take advantage of loose counting procedures.

THE COLLECTION PROCESS

Taking Control

Document the procedures for the ushers to follow, especially how to properly seal the bags. Post and communicate these procedures with the ushers. Let the ushers know how much you appreciate their cooperation in successfully implementing these procedures.

Promptly after the collection has been taken up, and in the presence of one or more witnesses, the head usher will consolidate the collection into a pre-numbered sealable plastic bag and immediately tightly close and seal the bag. The seal will then be tested to ensure that it is not defective.

On the front of the bag, fill-in the Mass, collection (first or second), and the date. Use ink. The usher(s) names should also be written on the bag.

Second Collections

When there is a second collection, follow the same procedures, including the use of a second sealable plastic bag. Under no circumstances should the closing and sealing of the bag containing the first collection be delayed pending completion of the second collection.

It may happen that someone missed the basket and wishes to add an envelop to the collection. Any loose envelope is placed in a smaller sealed bag and transported to a secure area for safekeeping prior to delivery to the count team.

Disposition of Collection

The sealed bag will then be taken to the rectory or other designated location for storage pending retrieval for the counting and banking process. It is best to store the bags in a safe or vault that has adequate burglary and fire resistance ratings. Combination to the safe is known only to select few. Where keys are used, the original and duplicate keys must be closely controlled.

THE OPENING PROCESS**The Counting Site**

The room in which the counting takes place should not be directly accessible from outdoors, i.e., without passing through at least one other room. Also, it should not be a routine or required pass-through for persons not involved in the counting process. Provide a counting table that is large enough to accommodate the counting team as well as the normal collection volume. Proper security requires that all counting and bank deposit materials be assembled and close at hand before any seals are broken and the count begins.

Staffing

Under ideal conditions, a sufficient number of counters should be recruited to maintain at least four teams of four or more counters each. None of the counters on a particular team may be related to any other counter on that team. Additionally, basic internal control principles require that no parish employees are to be involved in the collection counting process. Therefore the bookkeeper may not be one of the counters. The opening process may not begin until at least three (3) counters are present to witness the opening and begin counting. All counters must be totally free of other duties, e.g., answering the telephone or door, preparing meals or performing any other rectory duties. The rationale for requiring at least three counters concerns the fact that one might be called away or need a comfort break during the counting process; so two counters would remain. No individual should ever be left alone with the collection, not even for a minute. Leaving one person alone with the collection is unfair to the individual and is a major breach of security.

Retrieving and Examining the Collection Bags

When it is time to begin the count, all accumulated bags are retrieved from the storage location. This duty should be performed by the pastor or someone else not otherwise involved in the process. A seal documentation form is used to ensure that all collection sacks have been accounted for each Sunday. Before being opened, each must be examined to verify that it was properly sealed and that the seal is still intact. At the same time, the numbers on the bags are recorded on the form provided.

Opening the Collection Bags

After all seals have been checked, the sacks are opened and emptied onto the table where the cash portion of the collection will be counted. From that point forward, the cash may not be moved to any other location until the counting process has been completed. Before being put aside, each bag must be checked to ensure that it is completely empty. The numbered sealed bags are retained and submitted with the other documentation relating to the count following its completion. The secretary or other designee will later compare the serial numbers of the opened sealed bags against the serial numbers recorded separately by the person who assigned them for use.

Discrepancies

Problems such as inadequate sealing, torn bags or defective seals must be documented and referred to the pastor or other designee. The seal documentation form or a separate form is used for that purpose. Any such write-up identifies the Mass or service and collection involved. Where circumstances warrant, the pastor or other designee is promptly advised of the particulars.

Opening the Envelopes

Before any counting takes place, all offering envelopes are opened and the contents checked against the donor's entry. Any discrepancies must be noted on the envelope. The envelopes are accumulated for later use in updating each donor's record; that is not a counter duty and is not done until the counting and banking process has been completed.

THE COUNTING PROCESS**Currency**

Immediately after the checks, currency and coin have been separated, at least two counters will remain at the opening table and count the currency, two of whom will independently count and record their currency figures on the currency form. Neither counter may leave the table or perform any other duties until both have completed their counts and made a line-by-line verification of their respective figures, resolving any and all differences. No deductions, exchanges or payments of any type may be made from these funds.

When both currency counters are in agreement, one will record the currency on a bank deposit slip in duplicate. The second counter will verify the entry and, with the first counter, initial the deposit slip and place the original with the currency in a bank deposit bag which will then be locked or sealed.

Coin

The coin portion of the collection need not be double counted, but must be recorded on a count sheet and verified by another counter before cosigning the count sheet. The coin may be deposited with the currency or checks. Otherwise, it should be recorded on a separate bank deposit slip and locked or sealed in a separate bank deposit bag and deposited with the weekly currency and checks.

Checks

The checks are back-stamped for deposit, sorted by amount and tallied using an adding machine tape for verification. Next cash is sorted by denomination and tallied, the cash extensions made and adding machine tape run. The grand total is then recorded on the tally sheet. The verifier must verify the check count and cash extensions in addition to running a second adding machine tape before entering the check total on the bank deposit slip. One of the adding machine tapes is submitted with the checks.

Loose Checks

Any loose checks, i.e., checks received without an identifiable offertory envelope, are included in the check count noted above, but photocopied or recorded on a separate form, including name and address. That information is useful identifying new parishioners, as well as in analyzing the breakdown between cash in envelopes and loose cash.

Documentation

Samples of all recommended forms, including the numbered-seal checklist, may be downloaded free from www.ChurchSecurity.info. Each adding machine tape is identified, initialed, dated and attached to the pertinent form. When the counting is complete and the bank deposit has been prepared and sealed, all subsidiary count sheets, adding machine tapes and checklist must be placed in a designated location for later review and filing. As previously noted, the opened sealed bags are also retained for later comparison against the record of bag numbers assigned by the custodian of the numbered bags.

Rotation of Counting Duties

As a matter of prudent practice and to maintain depth of experience and versatility, the various duties described earlier should be rotated on a regular basis. This can best be accomplished by disseminating a quarterly schedule of counting assignments. This will also facilitate securing replacements for unscheduled absences. Although the Pastor should designate an overall coordinator, narrow specialization or domination of the process by one individual is generally unwise. A group of broadly trained volunteers will help ensure that key elements of the system do not fall into disuse and thereby cause the system to become ineffective.

WEEKLY REVIEW AND ANALYSIS**Rationale**

Human nature being what it is, we all have a tendency to become complacent and begin taking shortcuts. In that regard, it would not be unusual for some aspects of this system (sacks and seals) to endure while others (witnessing, double counting and verification) fall into disuse. This could be fatal to the entire system, leaving only the appearance of security. Effective verification and review procedures, coupled with periodic observations, provide the means for detecting system lapses and initiating timely corrective action.

Review of Counting and Bank Deposit Forms

The secretary or other designee not otherwise involved in the collection, storage or counting processes will conduct a weekly review of the preceding week's documentation. That person will examine all count sheets, checklists, bank deposit slips and adding machine tapes to ensure that correct procedures were followed. The reviewer must also compare the record of sealed bags assigned (to be furnished by the custodian of these bags) with the record of sealed bags received and opened by the counting team. The bag numbers must agree with the record made at the time they were assigned for use on the Sunday to which the review relates.

Any discrepancies must be explained to the Pastor or parish administrator. In addition, any problems recorded by the counters during the opening process must also be analyzed and appropriate follow-up action taken, where warranted.

Cash Analysis

A periodic analysis should be made of the collection itself. There are various methods for determining whether losses might be occurring. The following formula is one such method:

Total Offering (total of bank deposit)
Minus [Total Envelopes + Loose Checks]
Equals Total Loose Cash.

This computation can be performed on a weekly basis. If the results are ever negative or unusually low (based upon past history), a cash loss situation might well exist. Another very useful analysis (especially important during the first year of operation under these collection security procedures) involves comparing and contrasting the current Sunday's currency and check totals with the currency and check totals for the comparable Sunday of the prior year. Naturally, collections for major Holy Days, e.g., Christmas and Easter, must be compared with each other regardless of where they fell in the calendar for the prior year. A moderate increase in check donations after implementation (five to ten percent, for example) accompanied by a significantly greater increase in cash donations would be a strong indication that cash losses were occurring under the old (unsecured) collection procedures.

Reporting Requirements

Any significant trends or unusual circumstances disclosed by these reviews must be reported in writing to the pastor or other appropriate church official. A copy of any such report is also filed with the specific deposit documentation to which it relates.

File Maintenance

When the weekly review has been completed, all documentation relating to the count and verifications are filed chronologically in a locked file and maintained for a period of not less than two years. Such files will be maintained for a longer period if required by law or administrative guidelines. All opened, previously sealed bags will be destroyed, unless they relate to an irregularity that has yet to be resolved.

MAINTAINING DONOR RECORDS

After the counting team has completed the preparation of the weekly deposit, the Offertory envelopes and the listing (or copies) of loose checks are set aside for input to the donor contribution database. For security and confidentiality reasons, the donor records, or computer database, is kept and maintained in the parish office.

Once the entries are recorded, it is a good practice to compare the total posted to the donor records or computer database, with the total of the amounts written on the outside of the parishioners' contribution envelopes plus the listing, or copies of loose checks. Any differences in the totals are then reconciled. This will help to ensure that individual contributions have been recorded accurately.

Although there is nothing inherently wrong with using a manual system of recording donor contributions, most parishes will benefit from using an automated donor contribution database. Reasonably priced software is available that not only records donor contributions to multiple funds, but maintains the parish roster, updates parishioner family information to include the receiving of the Sacraments and participation in the various parish ministries and programs, maintains the parish calendar, prepares sacramental certificates such as for weddings and baptisms, and much more that most parishes find very useful.

Annual parishioner statements of contributions are mailed or made available no later than January 31, or at least made available to parishioners, and must contain both of the following statements: “This statement is for your records. Please examine it carefully. If it does not agree with your records, please notify your Pastor” and “No goods or services were provided to you by the church in connection with any contribution, or their value was insignificant or consisted of entirely intangible religious benefits.”

DOCUMENTING CHARITABLE DONATIONS / IRS RESOURCES FOR DOCUMENTATION

Beginning 1/1/07 the IRS requires that a donor cannot deduct a cash contribution, regardless of the amount, unless the donor keeps as a record of the contribution a bank record (such as a canceled check, a bank copy of a canceled check, or a bank statement containing the name of the charity, the date, and the amount), wire transfer acknowledgement, credit card record, or a written communication from the charity. Update Pub. 1771, 1/1/07... the written communication must include the name of the charity, date of the contribution, and amount of the cash contribution, description (but not the value) of non-cash contributions, a description and good faith estimate of the value of goods or services, if any, that the charity provided in return for the contribution, or a statement that: “No goods or services were provided to you by the church in connection with any contribution, or their value was insignificant or consisted entirely of intangible religious benefits.”

These donations may include, but are not limited to, Offertory donations, designated gifts, estate gifts or bequests, or un-designated (unrestricted) donations. A donor must receive the acknowledgment by January 31. *(Please see Appendix A for a sample acknowledgment letter.)*

DONATION OF NON-CASH PROPERTY

Donations of non-cash items to parishes are treated differently by the IRS in each of the following categories: 0-\$249, \$250-\$499, \$500-\$4999, and those with values equal to or greater than \$5000. The instructions for how to record and acknowledge the donation in each of these categories are described in IRS publications listed below. Additionally, for donations of \$500 or more the use of Form 8283 is required. This involves validation of the value of the donation by the donor and the donee (parish). For donations of \$5000 or more an independent appraisal is also required. If a donated item, whose value is \$500 or more is sold within **two years** of receipt of the item, Form 8282 must be used to record the sale of the item by the donee (parish). Items in this category that are consumed or distributed for charitable purposes do not need to be reported on Form 8282. Instructions for the use of these forms and other downloadable forms are available at the www.irs.gov website. You are advised to use a competent certified public accountant for these transactions or call the Finance Office at 916.733.0277.

The IRS provides user friendly directions for donee and donor record keeping rules and forms required to validate and deduct both cash and non-cash donations. These publications and forms are provided below as quick links for bookkeepers and donors in parishes. They provide resources for most types of donations as well as directions for all required documentation.

Please click on the link following each publication to obtain your needed information about a particular type of donation:

- **Publication 526 Charitable Contributions:** Provides comprehensive instructions about deductible contributions of both property and cash, limits, records to keep and how to report.

- **Publication 561 Determining the Value of Donated Property:** Explains how to determine Fair Market Value and Valuation of various kinds of property and appraisals.
- **Publication 1771 Charitable Contributions – Substantiation and Disclosure Requirements.** Explains IRS tax law for churches that receive tax-deductible charitable contributions and for donors who make them. Includes quid quo pro contributions and contributions via payroll.
- **Publication 1828 Tax Guide for Churches & Religious Organizations pp. 18-21.** Chart details what forms to file and due dates, and Record keeping, Substantiation and Disclosure Rules.
- **Publications 4302 & 4303 Provides a Charity's Guide (4302) and Donors Guide 4303 to Vehicle Donations.**

DONATIONS OF STOCK AND OTHER SECURITIES TO THE PARISH

Occasionally, parishioners may wish to make a donation of marketable securities they own in the form of stocks or bonds directly to the parish. These securities must be liquidated through the Diocesan Office of Stewardship and Development as soon as possible after their receipt. The diocese maintains a clearing account specifically for the purpose of liquidating these securities in accordance with Diocesan Statute 153. The parish may not hold or keep a separate investment account for these securities. Please phone the Diocesan Office of Stewardship and Development at 916-733-0266 for assistance. Once liquidated, the money from the transaction will be forwarded to the parish.

The **only exception** to the above is in the event that the donor requires formally in writing that the securities be held for a specified period of time before being liquidated. These stocks and bonds are to be deposited with the Diocesan Finance Office for safekeeping in the safe at Bank of America, or if electronically transferred, in the Diocesan Parish Clearing account at Merrill Lynch. The Office of Stewardship and Development will then provide the donor with the appropriate documentation required by the Internal Revenue Service to support their donation

OFFERTORY DONATIONS MADE BY ELECTRONIC FUNDS TRANSFER (EFT)

Parishes have the option of making electronic funds transfer available for parishioner offertory donations. With the increasing popularity of the Internet and communication by E-mail, many parishioners find this method of giving preferable to check writing. The Diocesan Finance Office has information to assist those parishes that may wish to take advantage of this method of giving.

PROPER CLASSIFICATION OF OFFERTORY RECEIPTS

The Offertory collection is the primary source of parish income. It is important therefore that all Offertory receipts are appropriately classified by the parish. Parishes are prohibited from using any method by which any portion of the Offertory collection is not recorded and reported on the parish books. This includes the practice of collecting two Offertory collections at Mass, and then classifying either as non-offertory receipts, or the practice of withdrawing Offertory funds prior to their being counted. Neither of these practices follow donor intentions and may expose the Pastor and parish to serious financial legal entanglements.

Parishioners may occasionally make cash donations to the parish, which clearly are not part of the parish's Offertory receipts. However, all donations which are enclosed in an Offertory envelope, or which the parish knows from experience are the usual Offertory support from a parishioner, but which are either given directly to the Pastor or mailed to the parish office, are reported as Offertory by the parish. These receipts are identical to Sunday Offertory receipts in every respect except that they bypass the usual Sunday collection. The only exception to this would be a donation received in the Offertory collection which may have been formally designated by the donor in writing as intended for a specific non-operating purpose.

Offertory receipts are **unrestricted** donations which are used to pay for the operating expenses of a parish. Offertory envelopes are only appropriately used to collect Offertory money. Offertory envelopes are never used to collect money which is specifically intended for an activity or project. Such money is **"designated" or "restricted"** and is collected in a separate envelope which clearly details the donated money for a specific purpose. Never use an envelope that lists a variety of "check off" choices on the envelope which may include offertory, building fund, etc. Offertory envelopes are used only for Offertory. Any other monies are collected in an envelope that designates the purpose of the donation. Also, never co-mingle funds received as Offertory with designated donations. Designated monies are usually kept track of in an account within the Quick Books Pro system of the parish. However, designated monies for medium to larger capital projects e.g. new buildings, building additions, resurfacing parking lots, etc. are deposited into a separate bank account that is established and maintained solely for these donor restricted uses. As needed, amounts can then be transferred from the restricted funds account to reimburse the general operating account for expenditures that specifically qualify for a restricted use. Adequate documentation must be maintained to support such expenditures and transfers.

CASHING CHECKS OUT OF THE OFFERTORY COLLECTION

Employees and others are prohibited from cashing personal checks out of the currency portion of the Offertory collection. Similarly, priest's Mass offering checks are not cashed in the Offertory collection. Avoiding this practice will help to ensure that the Offertory collection is not compromised in any way.

USING THE OFFERTORY COLLECTION TO PAY PARISH EXPENSES

Do not use cash from the Offertory collection to pay parish expenses, or to fund petty cash needs. Even though the parish may have the intention of recording the Offertory revenue prior to removing a portion of the cash to pay for certain expenses, all disbursements from the parish are made either by check, by a documented and approved electronic transfer of funds, or by use of the imprest petty cash fund. This practice will ensure that the Offertory collection is not compromised in any way, and also provides the parish with acceptable evidence of any disbursement in the form of the canceled parish check. A preferred means of having cash available for incidental expenditures is to use an imprest petty cash fund.

RECORDING RETURNED CHECKS

When Offertory donations are returned to the parish by the bank, the bank will sometimes impose a service charge for handling such returned item transactions. The proper way to record these returned checks on the parish books is to debit the offertory income account for the face amount of the check; debit

the bank service charge expense account for the amount of any corresponding bank fees; and credit the cash account for the total charged by the bank.

SPECIAL COLLECTIONS GIFT PROCESSING PROCEDURES

203.2

Special Collections are scheduled during the year to communicate and support the particular needs of the national and universal church. For this reason, all parishes throughout the diocese are asked to participate in eight (8) Special Collections throughout the year on designated weekends (see list below). One month prior to each Special Collection, the pastor (parish) will receive information to help promote the upcoming collection in the bulletin and from the pulpit. Use the appropriate account numbers from the Chart of Accounts to track the receipt and disbursement of these special collections (see Appendix B for details).

2012

January	No Special Collection
February	No Special Collection <i>February 11/12 Annual Catholic Appeal Commitment Sunday</i>
March 17/18	Catholic Relief Services (shared with Church in Central & Eastern Europe)
April 28/29	Catholic Home Missions (shared with Black & Native American Missions)
May 19/20	Church in Latin America
June 23/24	Peter's Pence (Collection for the Holy Father)
July	No Special Collection
August 18/19	Catholic Communication Campaign
September 15/16	Diocesan Collection for Priests Retirement
October 20/21	World Mission Sunday
November 17/18	Catholic Campaign for Human Development
December 8/9	Retirement Fund for the Religious

2013

January	No Special Collection
February	No Special Collection <i>February 9/10 Annual Catholic Appeal Commitment Sunday</i>
March 9/10	Catholic Relief Services (shared with Church in Central & Eastern Europe)
April 27/28	Catholic Home Missions (shared with Black & Native American Missions)
May 11/12	Church in Latin America
June 29/30	Peter's Pence (Collection for the Holy Father)
July	No Special Collection
August 17/18	Catholic Communication Campaign
September 14/15	Diocesan Collection for Priests Retirement
October 19/20	World Mission Sunday
November 23/24	Catholic Campaign for Human Development
December 7/8	Retirement Fund for the Religious

PURPOSE

The Purpose of the Gift Processing Procedures is to assist the parish staff and the Office of Stewardship and Development staff in proactively reviewing and recording all gifts and/or pledges made to the Annual Catholic Appeal and Special Collections. By following effective gift audit and recording steps, we can properly credit every donor's contribution. This will help foster a spirit of partnership among donors, parish staff members and the Office of Stewardship and Development for funding the work of the local and universal church.

Important Points to Remember when Auditing the Annual Catholic Appeal Gifts:

1. Do not remove the checks from the envelopes.
2. Do not deposit any checks.
3. Do not record any pledge payments other than cash on the parish transmittal form.
4. Write the amount of cash being removed from each envelope.
5. Deposit all cash gifts and prepare a parish check to cover the gift envelopes and loose cash.
6. If donor information is not completed in the space provided (Step 4 on the gift envelope), check the return address area in the upper left hand corner of outside envelope for contact information before counting the gift as anonymous.
7. Do not record any gift at the parish. Gifts will be recorded at the Office of Stewardship and Development.
8. Gift processing procedure for the Annual Catholic Appeal and Special Collection Gifts are totally different, please refer to the manual.

ANNUAL CATHOLIC APPEAL (ACA) GIFT PROCESSING PROCEDURES**Case for Support**

The Annual Catholic Appeal is an opportunity for the Catholic Community in the Diocese of Sacramento to come together and make a difference for tens of thousands of people in need within our communities. Together, we greatly improve the lives of our brothers and sisters in need by funding more than 100 social service programs, supporting seminarians who will return to serve our diocese, and providing for new parishes in growing areas. As in the past, 25 percent of the proceeds from the Annual Catholic Appeal will go back to your parish for your own outreach to those in need.

Materials

By January 2010, parishes will receive the Appeal promotional and operative materials, including brochures, video, audio, bulletin information, pledge envelopes, pencils, gift processing instructions and parish transmittal forms and cards. The Appeal Commitment Weekend will be February 28, 2010.

The following are the procedures we ask parishes to follow when handling and returning Annual Catholic Appeal monies:

Step 1: Have the following materials ready prior to processing the ACA contributions:

- Parish Transmittal Forms
- Adding machine with tape
- Rubber bands
- Pledge envelopes and donor contributions

Step 2: Verify contents of envelopes and sort the gifts according to the following gift types:

- Pledges (includes gift envelope with initial payments of check, credit card and/or direct debit)
- Pledges containing cash with donor information
- One-time gift envelopes (includes gift envelope with payments of check, credit card and/or direct debit)
- One-time gifts of cash with donor information
- One-time gifts of cash without donor information (anonymous gifts)
- Loose checks

Note: Pledge and One-time gift envelopes with cash and check enclosed, follow step3.

Step 3: Audit donor envelopes containing cash:

- One-time gift envelopes with donor information – Indicate the amount of cash on the envelope.
- One-time gift envelopes without donor information – This will be recorded as anonymous gifts on the Parish Transmittal Form
- One-time gift and Pledge envelopes containing cash and check – Indicate the amount of cash and the amount of the check on the envelope. Include the amount of the check with the total loose checks and the amount of cash under the cash covered by the parish check. The envelope should be kept with the other pledge cash envelopes covered by parish check.
- Pledge envelopes with initial payment of cash – Indicate the amount of cash on the envelope.

Note: ALL envelopes that contained cash will be recorded on the parish transmittal form under CASH DONATIONS covered by parish check.

Step 4: Run a tape for each of the following gifts from Step 2:

- Total amount of pledges
- Total amount of pledges with cash
- Total amount of one-time gifts
- Total amount of loose checks

- Total amount of cash (run a tape for each of the following: loose cash, anonymous one-time gifts, one-time gifts with donor information and payments on a pledge. You will need to record these figures on the Parish Transmittal Form)

Step 5: Prepare a parish check to cover the cash donations:

- The parish check should be made payable to the Annual Catholic Appeal or ACA.
- The parish check amount should include payments on a pledge, one-time gifts and loose cash. (No other funds should be included on the parish check).

Step 6: Prepare Parish Transmittal Forms:

- Assign a number for each Parish Transmittal Form submitted
- Fill out the transmittal form referencing the totals on step 4.
- Retain a copy of the Parish Transmittal Form for your parish records.

Step 7: Please send the completed package via FedEx using the pre-paid, pre-printed shipping form(s) provided. You may schedule a FedEx pick up by calling 1-800-463-3339.

Diocese of Sacramento
2110 Broadway
Sacramento, CA 95818
(916) 733-0266

Step 8: For any questions regarding processing gifts please, call 916-733-0266 or email us at aca@scd.org.

Annual Catholic Appeal Parish Transmittal Form

Report No.: _____

Date: _____

Parish Name: _____

City: _____

Contact Person: _____

Telephone: () _____

Non-Cash Donations			
Gift Type		Envelopes/ Loose Checks # Counts	Total Pledge Amount
Pledges (include envelopes with check, credit card & direct debit)			\$
One-time gifts	Envelopes w/check, credit card & direct debit		\$
	Loose checks		\$
Total		#	\$

Cash Donations			
(Please provide a parish check made out to Annual Catholic Appeal or ACA for all cash donations received.)			
Gift Type		Envelope # Counts	Total Pledge Amount
Pledges with payment of cash			\$
One-time gifts	Envelopes w/ donor information		\$
	Anonymous envelopes		\$
	Loose cash		\$
Total		#	\$

GRAND TOTAL: Pledges plus One-time Gifts = \$ _____Report Submitted By: _____
Parish AuditorAudited By: _____
Stewardship & Development Staff

MISCELLANEOUS RECEIPTS**ISSUING RECEIPTS**

A receipt is issued to any individual who makes a payment or donation in person at the parish office. Any payment or donation made in person or received in the mail, is recorded in a cash receipt journal or register. This journal/register is totaled each week and the total reconciled with the miscellaneous receipts as recorded on the Summary of Deposit form which is prepared by the counting team. If the amount of miscellaneous receipts recorded on the Summary of Deposit form by the collection counters is different from the amount on the journal/register, a clear explanation as to why is needed. These amounts will normally be in agreement.

RESTRICTIVE ENDORSEMENT

Checks which the parish receives during the week are restrictively endorsed "For Deposit Only – (Parish Name)" prior to being placed in the safe until the next deposit date. While placing the checks in the safe does provide some measure of security, endorsing them prior to placing them there provides further protection against financial loss should a break-in and theft occur.

SAFEKEEPING

As miscellaneous receipts are received during the week either in the mail, by the Pastor, or by the parish secretary, they are identified as to source and purpose, recorded in the cash receipts journal/register, and then put into a safe or locking file cabinet or desk drawer until being counted along with the next weekly Offertory collection.

It is important that miscellaneous receipts be deposited at least on a weekly basis as part of the Sunday collection counting process. Doing so minimizes the risk created by holding them longer than necessary. Additionally, when donors notice that their checks have not cleared the bank within a reasonable amount of time, they will form the perception that the parish is inefficient, inattentive, or may be too casual in its handling of donor contributions. Donors may also form the opinion that the monies were not really needed and be disinclined from giving in the future.

Basic internal control principles require that a person responsible for maintaining the parish books should not be involved in the counting or depositing of parish receipts. This proper segregation of duties principle therefore specifically precludes the parish bookkeeper and other parish staff from being involved in the counting and depositing of the parish's miscellaneous receipts.

COUNTING, DEPOSITING, AND RECORDING

The parish's miscellaneous receipts are counted and deposited on at least a weekly basis by the Offertory collection counting team. All receipts are posted to the proper revenue accounts as of the date of the Sunday involved in the Offertory collection, not as of the date the deposit is taken to the bank. The only exception to using the Sunday date to record the deposit is if the parish makes a special deposit during the week, in which case the actual deposit date would be used to record the transaction.

DIOCESAN REBATE OF PRIEST'S RETIREMENT COLLECTIONS

The Diocesan Office of Stewardship and Development records each individual donation it receives from parishioners and other donors who support the Diocesan Priest's Retirement Collection. These donations may be received directly from a parishioner, or may be forwarded to the diocese by the parish. A portion of these donations is rebated to the parish each year to help cover the priest's retirement premium. This rebate is recorded on the parish books under miscellaneous receipts.

Because of this rebate practice, it benefits each parish to ensure that The Office of Stewardship and Development has a current parish roster. In this way, the parish will receive credit for these donations.

FUND RAISING ACTIVITIES AND IRS REPORTING REQUIREMENTS

203.4

FESTIVALS – DINNERS – RAFFLES-CASH & NON-CASH PRIZES

Proper controls exercised over the handling of cash and unsold tickets associated with parish festivals, dinners, and raffles will maximize accurate counting and security of monies. For example, prior to events carefully control unsold dinner tickets by using a numbering system or inventory sheets for each seller of tickets. Regularly reconcile sold tickets with the amount of cash that has been received. Limit the handling of cash at the event as much as possible. A good practice is to sell food, meal, drink, and game tickets from one cash booth, eliminating the need for multiple cash boxes, thus increasing the security of the cash on hand.

To further improve these security measures, consider making deposits throughout the day/evening in order to minimize the amount of cash on hand at the event.

The sale of raffle tickets by 'roaming' through the crowd can be carefully controlled, by recording beginning and ending numbers on a roll of tickets for each seller and matching this to the monies returned. This also reconciles cash proceeds. Checks are restrictively endorsed "For Deposit Only – (Parish Name)" as they are received. At the end of the event, the chair person(s) should provide the Pastor with a financial summary of the event to ensure that proper internal controls have been followed, and for purposes of evaluating the success of each area of the fund raising event.

In regards to parish fund raising events, the IRS has taken the position that the full price of a ticket to an event at which the person receives a gift, food, entertainment, etc., is not tax deductible. For example, if a parishioner pays \$20 to attend a parish dinner that has a value of \$7.50, the tax deductible portion of the price of the ticket is limited to \$12.50. The IRS has suggested that this information be printed on the face of tickets in order to provide parishioners with sufficient information upon which to base the tax deductibility of their payment or donation.

PARISH REPORTING REQUIREMENTS TO IRS: FORMS 5754 AND W-2G**Multiple Winners – Form 5754**

When paying out a prize from a wagering activity, parishes need to determine whether the prize:

- is being paid to an individual, *or*
- is being paid to a member of a group of two or more winners on a single ticket, *or*
- is being paid to a person who is not the actual winner

If prizes are paid to a member of a group of two or more winners on a single ticket or paid to a person who is not the actual winner, the parish must complete Form 5754 Statement by Person(s) Receiving Gambling Winnings. The completion of Form 5754 enables the parish to prepare Form W-2G. There are two parts to Form 5754, the first lists the payees name and Tax I.D. number, to whom the winnings are paid, and the second part lists the actual winners and their respective shares of the winnings. The parish then uses the information to complete Form W-2G for each winner. Form 5754 is **not** submitted to the Internal Revenue Service, but is kept for a period of four years.

Form W2-G

The determination of whether a Form W-2G is required is based on **the amount of the prize** paid on the winning ticket. If more than one person participates in the purchase of a winning ticket and they plan to share the winnings, the use of the W-2G is based on the total amount won, **not the** amount of each individual's share of the prize.

The following five examples apply to raffles, bingo and keno.

1. Winnings of less than \$600 are not reportable, and no withholding is required.
2. Winnings of \$600 – \$5,000 **and** 300 times the wager or price of the ticket are reportable. Reduce the winnings by the amount of the wager (price of the ticket) to determine actual winnings. Use Form W-9 Request for Taxpayer Identification Number and Certification to obtain a TIN, and Form W-2G to report winnings to the IRS. Keep copy A of the W-2G and give copies B and C to the winner. There is no withholding on these winnings. However, if the winner **does not** provide you with their TIN, then you must withhold 28% of the winnings.
3. Winnings greater than \$5,000 are reportable and withholding of 25% of winnings is required. Reduce the winnings by the amount of the wager (price of the ticket) to determine actual winnings. Use Form W-9 Request for Taxpayer Identification Number and Certification to obtain a TIN, and Form W-2G to report winnings to the IRS. Keep copy A of the W-2G and give copies B and C to the winner. If the winner **does not** provide you with their TIN, then you must withhold 28% of the winnings.
4. Winnings from bingo of \$1,200 or more are reportable. Do not reduce the winnings by the amount of the wager. Use Form W-9 Request for Taxpayer Identification Number and Certification to obtain a TIN, and Form W-2G to report winnings to the IRS. Keep copy A of the W-2G and give copies B and C to the winner. However, if the winner **does not** provide you with their TIN, then you must withhold 28% of the winnings.
5. Winnings from Keno of \$1,500 or more are reportable. Reduce the winnings by the amount of the wager to determine actual winnings. Use Form W-9 Request for Taxpayer Identification Number and Certification to obtain a TIN, and Form W-2G to report winnings to the IRS. Keep copy A of the W-2G and give copies B and C to the winner. If the winner **does not** provide you with their TIN, then you must withhold 28% of the winnings.

It is best to issue the W-2G as soon as possible, within a month, after the prize is paid. It is most important to read the Instructions for Form W-2G which provide detailed information about reporting requirements for each type of winnings. You may get the general instruction from the IRS website at

www.irs.gov or by calling 1.800.829.3676. It is the position of the Diocese of Sacramento that when the W-2G is issued, it is issued to the adult (18 years of age or older) who won the prize and never to a minor.

In most cases, when withholding is collected, the parish deposits the withheld amount within one month of withholding, but not later than the 15th of the following month, at an authorized financial institution using Form 8109 (Federal Tax Deposit Coupon). For additional information, please refer to Deposit Requirements for Form 945. Parishes using the ADP system for payroll may not have deposit coupon Form 8109. Form 8109-B is used when preprinted coupons are not available. This form can be obtained from the IRS, or in some cases, from the bank where the deposit will be made. The deposit must be identified as a “945”, deposit and is not to be combined with deposits for Forms 940, 941, 943, or CT-1.

The parish is required to file Form 945 “Annual Return of Withheld Federal Income Tax” by January 31 of the year following the year for which the W-2G was issued. Form 945 is used to report withholding and deposits on raffle prizes. The parish then remits copy A of Forms W-2G to the Internal Revenue Service by February 28. Form 1096 (Annual Summary and Transmittal of U.S. Information Returns) must be filed with the copies (copy A) of the W-2Gs. Only IRS approved forms for Copy A of W-2G and Transmittal Form 1096 are to be used.

NON-CASH PRIZES

If the prize is not cash, the fair market value of the item won is considered the amount of the winnings. The withholding and backup withholding rates (as described above), if required, are applied to the fair market value of the item won. The amount to be withheld is collected from the prize winner. The fair market value is the value of goods or services *if purchased*. A nonprofit may acquire goods and services by outright gift or at a below-market cost but, when it offers those same goods or services to others, it must state their market value, not their acquisition value.

NONRESIDENT ALIENS

If a bingo or pull-tab prize is won by a nonresident alien, the winnings are reported on Form 1042S, Foreign Persons U.S. Source Income Subject to Withholding. The withholding is reported to IRS on Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Person. Unlike the requirements for Form W-2G, **there is no dollar threshold for withholding or reporting purposes**. The withholding rate on nonresident aliens is generally 30%, unless the foreign country has a treaty with the U.S. for a lower rate. Form W-8, Certificate of Foreign Status, or a substitute form containing a substantially similar statement provides information as to whether an individual, foreign entity, or exempt foreign person is not subject to certain U.S. information return reporting or backup withholding rules.

SALE OF SCRIP

There is no tax benefit to anyone participating in a Scrip program. Purchasers of Scrip cannot deduct the payment for Scrip as a donation, because the purchaser receives goods or services that carry a value at least equal to the face value of the Scrip they purchased, at the time it is redeemed.

In order for the proceeds of Scrip to *not* be subject to the Unrelated Business Income Tax, the Internal Revenue Service in IRC 513(a)(1) and Treas. Reg. 1.513-1(e)(1) specifies that “...substantially all the work

be performed for the organization without compensation. The regulations do not specify a particular percentage as satisfying the ‘substantially all’ requirement for this exception; however, the term ‘substantially all’ is found elsewhere in the Internal Revenue Code and has been interpreted to be 85% or more.” Therefore, it is recommended that the parish perform and document a study of hours worked in this program over a 30-day time period each year. As long as the hours worked by **uncompensated volunteers** is 85% or more of all hours worked, the parish should meet the requirements of this code section. If the hours worked by the volunteers (without compensation) are not sufficient to meet this requirement, then the program must be restructured.

Many schools and some parishes benefit from the sale of Scrip as a means of raising funds. Because Scrip can be used like cash, the same level of control and accountability that is exercised in the handling of the parish’s cash, is applied to the operation of the Scrip program. Limiting access to the Scrip inventory is important and the inventory of Scrip is kept in a secure location. The record keeping system used by the Scrip program details and provides adequate documentation as to the amount of Scrip inventory on hand. The security measures in place at the time and place where Scrip is being sold provides for the safety of the Scrip sales team; ensures that the Scrip is secure; and ensures that there is an adequate system being used to properly account for the Scrip being sold.

It is recommended that the operators of the Scrip program prepare a monthly financial statement of the Scrip program, for review by the Pastor and the Parish Finance Council.

A Parish that seeks to use Scrip as a means of raising funds is advised to contact the Diocesan Finance Office at 916.733.0277 for guidelines and assistance in setting up this program.

BINGO OPERATIONS

The parish should prepare a monthly Bingo profit and loss statement using standard accounting practices. The Diocesan Finance Office can assist the parish in recommending a report format suitable for this purpose. *(Please see Appendix B for detailed guidelines pertaining to the operation of a parish Bingo.)*

SALE OF RELIGIOUS ARTICLES

Adequate controls need to be exercised when selling religious articles. Those in charge of the selling approve the payment of every invoice that is related to the operation, prior to them being processed by the parish bookkeeper. The parish bookkeeper may post only charges to the sales operation that those in charge have approved in advance. A monthly accounting, from the parish books, is provided to those in charge of the sales.

A physical inventory of the goods should be taken at the end of each quarter. This inventory is costed out and totaled according to the cost of each inventory item. Using this periodic inventory in combination with the total of purchase invoices in between inventories, the parish will be able to determine how the religious articles booth is performing. For example:

Determination of Profit (Loss) from Sale of Religion Articles

Value at cost of inventory on June 30	\$ 5,000
Purchases made during July, August, and September	<u>1,000</u>
Value at cost of the inventory available for resale	6,000
Value at cost of inventory on September 30	<u>4,300</u>
Cost of the inventory sold during July, August, and September	1,700
Amount of booth deposits during July, August, and September	<u>2,700</u>
Profit	\$ <u>1,000</u>

In the illustration above, the amount of inventory which the parish sold in July, August, and September had a cost of \$1,700 and was sold for \$2,700, meaning that the parish made a \$1,000 profit, or nearly 60%.

SALES TAX AND USE TAX

Unlike the exemption from income taxes that is available to many nonprofit organizations, there is no general exemption for religious non profits from California sales and use tax. Sales made by religious nonprofit organizations are generally subject to tax even though the proceeds from fund-raising sales may be used for philanthropic purposes. Likewise, purchases made by religious nonprofit organizations are generally subject to tax even though the purchaser may be engaged in charitable activities.

The State of California has not granted the Diocese of Sacramento an exemption from sales and use tax. Consequently, purchases made by parishes, schools and parish/school affiliated organizations in the diocese are subject to sales tax. In addition, parishes, schools and parish/school affiliated organizations in the diocese are generally required to collect sales tax on items that are sold and remit those taxes to the Board of Equalization.

TEMPORARY SELLER'S PERMIT AND SALES TAX

Temporary sellers permits are required for a parish that is sponsoring no more than three (3) fund raising events with taxable sales in one year. Sales tax can either be collected as an additional charge at the time of a sale or an item can be sold at a price that includes sales tax. An example of the latter case, in a county where the sales tax is 7.75% (tax rates vary from county to county) the gross proceeds are divided by 1.0775, and the total subtracted from the gross proceeds to arrive at the tax collected. Example: An item sold for \$5, including tax. The tax would be \$0.36 i.e. [$\$5.00 - (\$5.00/1.0775)$]. Taxes collected are remitted to the California State Board of Equalization with the specifics about the sale. We are required to turn the funds over to the state. At the end of each reporting period, which may be monthly, quarterly, or annually.

PERMANENT SELLER'S PERMIT AND SALES TAX

It is common for parishes or their societies or organizations to sell religious articles, books, videos, or other related items in conjunction with the operation of a religious articles booth, store, or boutique. If such a store, booth, or boutique is operated more or less on a regular basis, even once a month, then collection of sales tax is required. This is the case whether the goods being sold are purchased for resale, or are donated goods. If such a booth or boutique is set up as a one-time only activity in conjunction with a parish's annual festival, for example, collection of sales tax is not usually required.

Whenever it becomes necessary, according to the above guidelines, to begin collecting sales tax in conjunction with the operation of a religious articles booth, store, or boutique, the parish must first apply for a resale permit from the State Board of Equalization. Then, in accordance with the instructions received from the Board of Equalization, the parish, society, or group begins collecting the appropriate amount of sales tax on the items sold, and files a periodic sales and use tax return.

Although less common, but still subject to the same regulations, concerns the operation of thrift stores by parishes or their representatives. Thrift store sales are also subject to sales tax.

The Board of Equalization has published a pamphlet entitled “Tax Tips for Nonprofit Organizations – Publication 18”. Excerpts from that pamphlet are included in this section. The entire pamphlet can be found on the California Board of Equalization’s website at www.boe.ca.gov/pdf/pub18.pdf. It is strongly recommended that you consult this publication for a thorough explanation of your particular tax activity.

The following is a brief overview of the California State Board of Equalization pamphlet regarding taxable and nontaxable activities for non profits:

TAXABLE ACTIVITIES

Other taxable activities commonly engaged in by nonprofit and volunteer organizations include:

1. Sales of food, meals, beverages, and so forth, under certain circumstances.
2. Sales of items at rummage sales, bazaars, carnival booths, auctions, community events, and other fund-raisers. Sales of homemade items, as well as commercially produced or donated merchandise, are subject to tax.
3. Ticket charges for game booths where prizes are guaranteed to each ticket purchaser, even though the prizes may have little value.
4. Auctions (covered below).

NONTAXABLE ACTIVITIES

Certain activities commonly conducted by nonprofit organizations are not taxable, including:

1. Sales of meals and food products by a religious organization at a social or other gathering it conducts are not subject to tax, provided **both** of the following conditions are met:
 - The meals or food are furnished to raise funds for the organization’s functions; and
 - The proceeds are used to carry on those functions and activities.
2. Sales of certain refreshments – when not sold as part of a meal or in combination with hot food – at an event with no on-site eating facility and where admission is not charged, such as an outdoor bake sale.
3. Ticket charges for concerts, movies, plays, shows, and so forth provided that food and meals are not served at the event, or, if served, they are charged for and taxed separately.
4. Ticket charges for game booths and raffles where prizes are not guaranteed to every ticket purchaser. Note that the nonprofit purchases of such prizes are generally subject to tax.

AUCTIONS

A commonly used fund raising technique is an auction. An auction is a sale in which property or services are sold to the highest bidder. The sale is only a contribution to the extent that it exceeds the fair market value. The auction should specifically state that fact and set the minimum bid for each item at its fair market value. The statement, "Contributions are deductible as provided by law" is not an acceptable disclosure. The State of California requires that sales tax be collected on items auctioned at parish and school events, unless the auction is sponsored by the Parent Club of the parish school, in which case auction sales are exempt from sales tax. Sales tax is collected on sales at all other auction events even though all the proceeds are used to benefit/carry on the purpose of the organization. It makes no difference if the auctioned items are donated or what their value is. Sales tax is charged on the final sales price, not on the fair market value of the item sold. Tax only applies to "tangible personal property". The auctioning of a parking space would not be taxable because a parking space is not tangible personal property. Likewise, gift certificates are not regarded as tangible personal property. They are considered an intangible right to purchase. Similarly, charges for spa visits are not regarded as sales of tangible personal property, but are charges for a right to use real property for a fixed period of time and under defined circumstances.

Fair market value is the value of goods or services if purchased. A nonprofit may acquire goods or services by outright gift or at a below-market cost but, when it offers those same goods or services to others, it must state their market value, not their acquisition value.

For baskets of items that are auctioned, sales tax is due on the retail price associated with the items of tangible personal property included in the basket. An estimate of the retail price associated with the taxable items would be required and tax remitted on that amount. For example, if a basket containing wine, a blanket, cheese and salami was auctioned off, only the wine and blanket would be subject to tax. The cheese and salami are considered exempt food items and would therefore be excluded from sales tax.

VOLUNTEERS VS. PAID INDIVIDUALS

The IRS has determined that the proceeds of fund raising activities which use paid workers, or which are held solely for the purpose of raising funds, or which involve the sale of merchandise which for the most part has not been donated, are considered to be unrelated business income. Such income is taxable and must be reported to the IRS. *(Please see Appendix A for more information on the Unrelated Business Income Tax.)*

THRIFT SHOP

The IRS Publication 598 Tax on Unrelated Business Income of Exempt Organizations in the section "Excluded Trade or Business Activities," specifically excludes thrift shops from paying unrelated business income tax: "Selling donated merchandise. A trade or business that consists of selling merchandise, substantially all of which the organization received as gifts or contributions, is not an unrelated trade or business. For example, a thrift shop operated by a tax-exempt organization that sells donated clothes and

books to the general public, with the proceeds going to the exempt organization, is not an unrelated trade or business.” Publication 598 may be viewed at www.irs.gov.

The operators of the thrift shop use the parish bookkeeper and normal parish bookkeeping system to account for all financial activities of the thrift shop. Additionally, a monthly financial statement of the thrift shop should be reviewed by the Pastor and the Parish Finance Council.

SECTION 204

Standard Financial Procedures – Cash Disbursements

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Standard Financial Procedures – Cash Disbursements

APPROVAL OF INVOICES

204.1

EXPENSE ACCOUNT CODING

Prior to being paid, invoices are marked with the account number(s) to which they are charged when the invoice and/or payment is posted to the parish books. Payments to vendors are made only on approved original invoices, not monthly vendor statements.

ALLOCATING EXPENSES BETWEEN DEPARTMENTS, PROGRAMS AND COST CENTERS

Parishes usually have certain expenses which apply to more than one department, program, or cost center. In order for the parish's financial reports to be as accurate as possible, such expenses are appropriately allocated to each department when recorded on the parish books. In cases such as utility bills, where one bill may apply to more than one building or cost center, some reasonable method of allocating the charges between the respective buildings and/or cost centers is used.

APPROVAL BY PASTOR OR OTHER DESIGNATED AUTHORITY

As invoices are received, they are checked for clerical and mathematical accuracy, then routed to the Pastor or other designated authority (such as a program director) to be approved for payment. Approval of invoices for payment is recorded on the face of the invoice. Likewise for any check requests that are not supported by invoice approvals, a Check Request form should be completed and signed for approval by the Pastor prior to the making of the check. This form is available in Appendix A.

SIGNING CHECKS

204.2

Usually, the Pastor signs all parish checks. Checks are given to the Pastor to sign with all supporting documentation attached. If the parish anticipates the need for issuing checks while the Pastor is temporarily away, the following alternate check signers are acceptable, in this order of priority: the Parochial Vicar, a Priest in residence, the Parish Steward, or the chairperson *and* a second member of the Parish Finance Council. A Religious employee or an ordained Deacon may also be granted sole check signing authority by the Pastor, up to a maximum of \$2,500 (or less, at the Pastor's discretion). Such checks which are issued in an amount greater than the designated maximum (\$2,500 or less) require a second signature by a member of the Parish Finance Council. Whenever a Priest, Religious, or Deacon is unavailable for check signing purposes, two lay signatures are required. Basic internal control principles require that a person responsible for maintaining the parish books not have check signing authority. This proper segregation of duties principle therefore means the parish financial staff may not sign parish checks.

Parishes are prohibited from using either rubber signature stamps or signature plates to sign checks.

SIGNING BLANK CHECKS

204.3

Since the bearer of any signed blank check could use the check for any purpose if such a check were to become misplaced, good internal controls prohibit the signing of blank checks.

CHECKS MADE PAYABLE TO “CASH”

204.4

For internal control reasons, checks are never made payable to cash. All checks are made payable to either an entity, a vendor or an individual.

CANCELING PAID INVOICES

204.5

After being paid, invoices are canceled by recording the check number, date and amount paid on the invoice. As an alternative, it is also a good practice to attach the voucher portion of the check to the paid invoice.

FILING PAID INVOICES

204.6

Invoices are filed alphabetically by vendor name in a paid invoices file that is rotated each fiscal year. As a general rule, vendors who receive five or more payments in a year should have their own paid invoices file, while invoices from vendors receiving less than five payments should be filed in miscellaneous letter files; e.g., Miscellaneous “A,” Miscellaneous “B,” etc.

SAFEGUARDING CHECK STOCK

204.7

No more than a six-month supply of unused check supplies should be kept stored in a secure, locked drawer or safe. A minimal supply of blank checks can be more easily stored in a secure location than a large supply of checks. The parish checkbook or check stock is kept under lock and key when it is not in use.

Please refer to Section 202.2 for parish checking account security protocols.

PURCHASES USING CREDIT CARDS AND CHARGE ACCOUNTS

204.8

Parishes sometimes find it useful to obtain credit cards or open charge accounts in the name of the parish. The use of parish credit cards and charge accounts must be carefully controlled to prevent their misuse. Before issuing a check in payment of credit card or charge account purchases, the original receipt for each of the purchase transactions should be approved and attached to the account statement. The statement is then coded according to the types of expenses represented by the attached receipts. The Pastor then carefully examines credit card statements and the attached receipts to ensure that all the entries on the statement are proper and valid before he approves them for payment. After the statement has been paid, it is filed in the paid invoice's file with the approved receipts attached.

PURCHASES USING SCRIP

204.9

Many schools and some parishes operate a Scrip program as a means of raising money. Parishes frequently buy Scrip from these programs as a way of supporting them. Issuing Scrip to an individual for the purpose of making purchases on behalf of the parish, is the same as giving the individual cash. Whenever a purchase is made using Scrip instead of cash or a parish check, a receipt for the purchase transaction

is returned along with any change from the purchase, to the person responsible for the custody of the unused Scrip. The parish's unused Scrip is placed under strict controls, and safeguarded as if it is cash, in much the same way as an imprest petty cash fund is handled.

EXPENSE REIMBURSEMENTS

204.10

There may be times when an employee or volunteer will need to be reimbursed for purchases that she or he has made. An individual who requests reimbursement for out of pocket expenses submits a Check Request form (*See Appendix A for this form*) with attached receipts, to the Pastor for approval. The parish issues reimbursement only for original receipts, not copies, to avoid inadvertently reimbursing the same receipt more than once.

CREDIT CARD EXPENSE REIMBURSEMENTS

204.11

Sometimes the Pastor or another parish employee will charge parish expenses on his or her personal credit card. When this happens, the Pastor or employee pays the entire statement balance of his or her personal credit card account, and then submits appropriate receipts to the parish for reimbursement, for the parish's portion of the bill.

Alternatively, the Pastor or other parish employee could pay only his or her personal portion of the credit card statement, and the parish then issues a check to the credit card company for the parish portion of the statement. Both checks would then be mailed together to the credit card company in payment of the account. Do not pay the entire statement balance of a personal credit card account with the expectation of receiving reimbursement from the Pastor or employee for the non-parish portion of the bill.

CLERGY AUTOMOBILE INSURANCE REIMBURSEMENTS

204.12

Priests are eligible to receive reimbursement up to a maximum of \$1,750 each year for the cost of insuring their personal automobile. The premium for their personal automobile insurance is a personal expense which priests pay directly to their carrier. Once paid, the priest provides evidence of such payment to the bookkeeper in order to receive reimbursement. If a priest owns more than one vehicle, one vehicle only is chosen as the vehicle to be used in the course of his ministry. If possible, the *Roman Catholic Bishop of Sacramento* should be named on the policy as additional insured. The minimum amounts of coverage required may be found in Attachment D of the current Priest's Remuneration Schedule. The priest is eligible for reimbursement from the parish for the actual cost of insuring only this vehicle, up to \$1,750 per year.

The annual roadside service club fees associated with a priest's personal car are not reimbursable expenses, but are personal expenses of the priest, and are covered by the monthly auto allowance which he receives.

1099 PAYMENTS TO INDEPENDENT CONTRACTORS, NON-INCORPORATED COMPANIES, EXTRA PRIESTS, DEACONS, ATTORNEYS AND INSURANCE COMPANIES

IRS FORM 1099-MISC

The Internal Revenue Service requires that certain payments made to qualified individuals for services of \$600 or more in a calendar year be reported on Form 1099-MISC. IRS Form 1099-MISC is the counterpart to an employee's W-2, and is to be completed, with copies given to each qualified individual or unincorporated company by January 31, each year. IRS Form 1096 is the transmittal form for the 1099 forms, and is filed, along with copies of the 1099 forms, with the IRS by February 28. *(Please see Appendix A for more information on who fits the IRS definition of a qualified individual or non-incorporated company.)*

EXTRA PRIESTS

Payments to visiting priests of \$600 or more in a calendar year must be reported to the priests and the IRS on Form 1099-MISC (box 7).

DEACONS

Payments to Deacons of \$600 or more in a calendar year must be reported to the Deacons and the IRS on Form 1099-MISC (box 7).

INDEPENDENT CONTRACTORS AND NON-INCORPORATED COMPANIES

Payments to independent contractors and certain non-incorporated companies, of \$600 or more in a calendar year, must be reported to the independent contractors, non-incorporated companies, and the IRS on Form 1099-MISC (box 7). *(Please see Appendix A for more information on who fits the IRS definition of a qualified individual or non-incorporated company.)*

STATE DE 542

Parishes are required by the state to file a DE 542 **Report of Independent Contractors** for each independent contractor or visiting priest who has either received, or is contracted to receive, \$600 or more in payments from the parish before the end of the calendar year. This form must be filed within twenty days of the date on which an independent contractor either has received, or enters into a contract to receive, a total of at least \$600 in payments during the year from the parish. This form must be filed annually for each independent contractor who meets either of these two conditions. The state imposes a penalty for not complying with this requirement. Forms are available on the internet site for Employment Development Department at www.edd.ca.gov or call 1.888.745.3886. *(Please see Appendix A for a detailed review of determining the independent contractor status of an individual.)*

VOLUNTEER EXPENSE REIMBURSEMENTS

Volunteers who qualify for expense reimbursements for activities performed for the parish must provide original source documents with a Check Request form (see appendix A for this form). Reimbursement for mileage is .14 per mile as of 2011. It is not the same as business mileage reimbursements.

GIFTS FOR CELEBRATIONS SUCH AS ORDINATIONS AND RETIREMENT

Under no circumstances may parish money be used to pay, in whole or part, for ordination celebrations or the gifts associated with those occasions, retirement celebrations or the gifts associated with those occasions, or travel expenses that are not official parish business.

The costs of celebrations and gifts for those events in a priest's life may be provided voluntarily by parishioners and friends. For example, parishioners may organize a retirement dinner event in parish facilities where each parishioner donates towards the cost of the dinner. Parishioners may also donate towards the cost of a gift for the priest or personally give him a retirement gift at the dinner. No parish money may be used for these activities.

CHARITABLE DONATIONS

Many parishes have established benevolence funds to assist needy persons. Typical beneficiaries of such funds include the unemployed, person(s) with a catastrophic illness, accident victims and the vulnerable and aged. Whenever a parish establishes a benevolent fund, distributions of this fund must be on a true charitable basis. The checks must be made payable to a landlord, utility company, mortgage company and not to an individual. The parish must also maintain adequate records that demonstrate the victim's needs for the assistance provided. These records must also show that the parish's payments further its charitable purposes. The documentation should include:

- A complete description of the assistance
- The purpose for which the aid was given
- The charity's objective criteria for disbursing assistance under each program
- How the recipients were selected
- The name, address and amount distributed to each recipient.
- Any relationship between a recipient and officers, directors, or key employees of or substantial contributors to the charitable organization.

SECTION 205**Standard Financial Procedures – Payroll**

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Standard Financial Procedures – Payroll**PRIEST COMPENSATION**205.1

ACTIVE DIOCESAN PRIESTS

Under no circumstances may parish money be used to pay, in whole or part, for ordination celebrations or the gifts associated with those occasions, retirement celebrations or the gifts associated with those occasions, or travel expenses that are not official parish business.

The costs of celebrations and gifts for those events in a priest's life may be provided voluntarily by parishioners and friends. For example, parishioners may organize a retirement dinner event in parish facilities where each parishioner donates towards the cost of the dinner. Parishioners may also donate towards the cost of a gift for the priest or personally give him a retirement gift at the dinner. No parish money may be used for these activities.

(Please refer to Appendix A for the current remuneration schedule for active diocesan priest.)

PRIESTS OF RELIGIOUS ORDERS

The amount of compensation for priests who belong to a Religious Order is usually the same as that for diocesan priests (see above). However, there are two major differences:

The first is that the compensation checks for priests who belong to a Religious Order are usually made payable to his Order, not to the priests personally. Members of religious communities who have taken a vow of poverty are not subject to income tax on offerings paid to the community for their services. Checks for offering payments must be made payable directly to the religious order. In order for priests who are members of a society or religious community to receive their paychecks payable to them as individuals a letter of permission from their Provincial granting this arrangement must first be received by the Diocesan Priest Personnel Office. This letter is kept in the personnel file of the priest in the Pastoral Center. The IRS will consider payments made to an individual taxable income even if he or she is a member of a religious community. A religious who personally receives a salary will receive a W-2. Payments to visiting priests who are members of religious orders are made payable to the order, not the priest. Because of this, the priest's "wages" are not subject to any tax, and are not reported to them or to the Order on either a W-2 or a 1099-MISC. The parish does not prepare Form W-2 or Form 1099 for religious, does not withhold taxes, and does not include payments on Form 941. Parishes should have a written agreement with the religious order for each individual outlining work responsibilities and amounts to be paid.

The second is that the monthly compensation paid to the Order may include a prorated amount for health insurance and retirement premiums. This is because most Religious priests are covered under the health insurance and retirement plans of their Order, whereas diocesan priests participate in the diocesan plans and are billed accordingly by the Diocesan Aid Society and the Priest's Retirement Plan. Under diocesan policy, the maximum amount a parish may pay toward either the health insurance or retirement plan of a priest who is a member of a religious order, cannot exceed the rate which is currently in effect by the Diocesan Aid Society for active priests, or the current retirement premium in effect under the diocesan Priests Retirement Plan.

PAYMENTS TO EXTRA PRIESTS (SUPPLY PRIESTS)

205.2

(Please see Appendix A for the guidelines on remuneration for extra priest)

RELIGIOUS COMPENSATION: SISTERS AND BROTHERS

205.3

Religious compensation includes a lay salary, and a lay equivalent contribution percentage intended for the Retirement Fund of the Order, and Social Security and Medicare replacement, (an amount equal to the employers' contribution toward lay employees' Social Security and Medicare). As with the compensation of priests who are members of a Religious Order, the compensation for Religious is neither reportable nor taxable income.

PERMANENT DEACON COMPENSATION

205.4

It is the policy in the Diocese of Sacramento that the position of a Permanent Ordained Deacon is not a compensated position. However, if a parish occasionally compensates a Deacon, such payments are reported to the IRS on a 1099-MISC if the aggregate total of such payments is equal to or exceeds \$600 in a calendar year.

LAY EMPLOYEE COMPENSATION

205.5

COMPENSATION

The Diocesan Office of Lay Personnel has developed and annually distributes the Recommended Compensation Ranges for Parishes guidelines, to assist Pastors and parishes in establishing equitable pay rates for their employees. In an effort to keep employee wages competitive the rates in this guideline attempt to reflect current salary levels in the employment marketplace. In all cases employers are required by law to pay their employees at least the minimum wage. It is a legal requirement to publicly post current minimum wage for Federal and State in the workplace. These posters are available through the California Chamber of Commerce, 1.800.331.8877, or www.calchamberstore.com, look for "Required Posters".

The *Recommended Compensation Ranges for Parishes* guideline also identifies which parish positions are classified as exempt and which are nonexempt.

It is illegal to use cash to pay employees, which would bypass the payroll withholding and reporting requirements. The preparation and issuance of payroll checks is always thoroughly documented and supported by approved time sheets and documented pay rates.

All wages and periodic adjustments to employees' pay must be approved by the Pastor in writing.

EMPLOYEE VS. INDEPENDENT CONTRACTOR

The parish is required to pay its staff as either employees or as independent contractors, according to how each is defined by law. It is not always easy to determine how an individual should be classified, particularly when his or her job and work status may have some of the characteristics of both. The determination of an individual's proper status must be made in accordance with established federal and

state criteria. It is not correct to base this classification on the request, preference, personal circumstances, or convenience of the individual in question. The proper classification can only be made by using the appropriate federal and state criteria, even though the resulting classification may not be consistent with the preference or convenience of the individual or job in question. If a parish retains an Independent Contractor you must report to the Employment Development Department within twenty (20) days of EITHER making payments of \$600 or more OR entering into a contract for \$600 or more with an independent contractor in any calendar year, whichever is earlier. Form DE 542 is used for this purpose and may be downloaded from the EDD Internet site at www.edd.ca.gov. *(Please see Appendix A for detailed information on how to properly determine the employee vs. independent contractor status of an individual.)*

PAY PERIODS

State law prohibits employers from paying nonexempt employees on a monthly basis. In order for the payroll processing schedule throughout the diocese to be uniform, and since in most parishes lay employees are nonexempt employees, the diocesan policy is to pay **all** parish lay employees on a semimonthly basis. The standard payroll pay dates are the 22nd and the 7th of each month which covers the pay periods for the 1st through the 15th and the 16th through the last day of the month respectively.

As of January 1, 2004, AB276 of the California State Labor Code specifies that employers are required to pay and itemize the actual hours worked per pay period on the employee's pay stub. All nonexempt hourly employees must be paid for actual hours worked within a pay period. Over time hours are hours worked in excess of either eight hours in a day or forty hours in a week.

STANDARD TIME SHEETS

All nonexempt employees are required to keep a record of their hours on the time sheet for parishes, which has been distributed by the Office of Lay Personnel. Time sheets are completed for the entire pay period, and signed by both the employee and the Pastor or a Program Director prior to being submitted to payroll for processing. Time sheets must be completed in detail, and must also document the employee's non-compensated lunch period. It is legally required that at least a thirty minute non-compensated lunch break be given to employees working more than five hours in a day.

Additionally, all nonexempt employees must fill out the PT 400 (Employee Request for Leave) in scheduling vacation and doctor appointments. Unexpected sick leave absences are documented after the fact on the PT 400, which are then attached to the employee's time sheet for the pay period affected.

TRACKING VACATION, SICK LEAVE, AND PERSONAL HOLIDAYS

Employees who are regularly scheduled to work twenty hours per week or more are kept apprised of their vacation and sick leave balances. Vacation and sick leave time is accrued with each pay period.

Vacation and sick leave balances are continuous, and stop accruing once the balances have reached the appropriate maximum number of hours allowed as defined in the Personnel Handbook. Terminating employees must be paid for their unused vacation hours (this does not apply to sick leave hours). Employees are not to receive pay for their unused vacation hours in lieu of taking vacation time off.

DEDUCTIONS FOR HEALTH, DENTAL, AND LIFE INSURANCE

Employees working at least thirty-five hours per week are considered full time employees for benefit calculation purposes. Employees who work at least twenty hours per week are eligible for employee benefits such as vacation and sick leave, health, dental, long term disability, vision and life insurance; and participation in the diocesan lay employees' retirement plan.

Effective January 1, 2012, all employees are required to pay 8.5% of their medical insurance.

In addition to the above amounts, employees working at least twenty hours per week, but less than thirty-five hours per week, are covered under the diocesan health, vision and dental plans and are required to pay a pro rata share of the cost of their insurance coverage, through payroll withholding. For example: an employee who works twenty hours per week is considered to work 57% of full time (20 is 57% of 35) and would be required to pay 43% of the cost of their insurance premiums for their health, dental and vision. All employees with dependent coverage are required to pay 75% of the cost of covering their dependents.

(Note: The Finance Department has worksheets available to help you compute the correct amounts that will be withheld from each employee.)

Employees have the option of treating this deduction as a Section 125 pre-tax deduction from gross wages, or as a post-tax deduction from net wages. This election is made at the time the employee completes the PT10 Flexible Benefit Plan Enrollment Form.

PROCESSING PAYROLL

205.6

TAX WITHHOLDING

All church employees, including priests, are exempt from the FUTA tax. Unlike the priests, lay employees are required to follow the tax withholding guidelines to determine the proper amount of taxes to be withheld. Lay employees do not have the option of overriding the tax table withholding in favor of a predetermined flat amount. Lay employees can vary the amount withheld from their checks by changing the number of exemption allowances they claim. If an employee would like to have more than the maximum deduction allowed under the withholding tables, the employee can elect to have a fixed amount withheld in addition to the amount per the tax withholding tables.

RECORDING PAYROLL TRANSACTIONS

Payroll and employee benefit expenses are grouped together in the parish's bookkeeping and financial reporting system, rather than being distributed among the various parish departments or cost centers. For example, it would not be appropriate to report the wages of the Director of Religious Education under the expense heading of Religious Education. Rather, these wages are reported along with all other wages of the parish under the heading Salaries and Wages.

Priest wages are recorded as a lump sum. Adjustments may need to be made for the annual car allowance or the Tier II option. Please refer to Appendix A for complete details on the Remuneration of Priests.

Priest wages are included in and reported as part of the total payroll on the quarterly and annual payroll reports, including the priest's W-2.

PAYCHECK STUB

When paychecks are distributed to employees, an itemization of earnings, withheld taxes, and voluntary deductions are given to the employee.

TAX DEPOSITS

Payroll taxes for parishes that are on the diocesan coordinated payroll system, have their payroll taxes deposited for them by the payroll processor.

REVIEWING THE PAYROLL REPORTS

Ideally, responsibilities for payroll accounting are separated from the general ledger function. However, because parish office staff is usually required to perform many duties, this is often impossible to achieve. Whenever this separation of duties is not practical, there is an increased need for even more diligent oversight of the payroll function by the Pastor or a member of the Parish Finance Council.

This oversight includes a review of the payroll registers, payroll transaction detail on the parish books, budget comparisons, and quarterly and yearly reports for reasonableness, accuracy, and compliance with appropriate governmental regulations and diocesan policies. A member of the Parish Finance Council may be willing to assist in this review.

FILING FEDERAL AND STATE RETURNS

Parishes in the diocesan coordinated payroll system (ADP) have both the federal and state quarterly payroll tax returns (Forms 941 and DE6, respectively) filed for them as part of the diocesan payroll service.

EMPLOYEE BONUSES

Christmas and Easter bonuses paid to priests and lay employees are taxable compensation. The IRS has disallowed these payments as "gifts." As compensation, these payments must be taxed, reported, and included on each employee's year-end W-2. Bonuses paid to deacons or independent contractors working for the parishes are reported to the IRS on a 1099-MISC, provided that the total amount which the individual received from the parish during the calendar year, including the bonus, was \$600 or more. Bonuses are posted to the employee's appropriate salaries expense account on the parish books.

It is a common and acceptable practice for employers to gross up the earnings on employees' bonus checks, so that the net amount of the checks (after tax withholding) is equal to the desired bonus amount.

205.7

205.8

DIOCESE COORDINATED PAYROLL SYSTEM

Parishes have their payrolls processed through the diocese’s coordinated payroll system. Parishes in the diocese find this approach to be very beneficial in that they can have direct deposit available for their employees, and all calculations for tax deposits and preparing payroll returns and W-2’s are included. In addition, this system provides the proper calculation and tracking of vacation and sick leave balances.

SECTION 206

Document Retention Policy

Statement of Policy

In carrying out its mission of ordering divine worship, caring for the decent support of the clergy and other ministers, and exercising works of the sacred apostolate and of charity, especially toward the needy, the Church must engage in the administration of temporal goods. As part of the responsible administration of these goods, those who minister in the Church produce and receive a number of documents which, by law, must be protected with the greatest care. Indeed, the Code of Canon Law states, "In every curia there is to be erected in a safe place a diocesan archive, or record storage area, in which instruments and written documents which pertain to the spiritual and temporal affairs of the diocese are to be safeguarded after being properly filed and diligently secured." (CIC, c. 486 §2) The oversight of the archives is the responsibility of the Chancellor, whose "principal function" is to "take care that acts of the curia are gathered, arranged, and safeguarded in the archive of the curia." (CIC, c. 482 §1)¹

Various provisions of state and federal law also require the Diocese to maintain certain types of records, usually for a specified period of time. Failure to follow this policy can cause significant harm to the diocese and its workers.

The records of the Diocese are, therefore, important patrimony. They include essentially all records produced by church workers during the course of their duties, whether on paper or electronically. A record may be as obvious as a memorandum, a letter, an e-mail, or a contract, or something not as obvious, such as a computerized desk calendar, an appointment book or an expense record.

Accordingly, the Diocese expects all church workers, at any diocesan or diocese-affiliated ministry site, to comply fully with the following records retention and destruction policies and schedules, provided that all church workers note and comply with the "general exception" set forth in section 2.0 of the Policy, below.

POLICY PROVISIONS

1.0 PURPOSE

The Document Retention Policy for the Diocese of Sacramento defines which diocesan records must be retained for ecclesiastical, canonical, legal, or historical purposes, and the retention period for each type of record.

Adherence to the established retention schedule is a priority for the Diocese, and will ensure that

- Vital records will be protected and retained
- The Diocese will reduce its costs associated with maintaining and storing records
- The data management and storage operations of the Diocese will be enhanced
- Fewer diocesan records will need to be maintained

1. In the event the Chancellor of the Diocese is not a priest, then in light of certain restrictions required under Roman Catholic Canon Law, the policy of the Diocese is that the Chancellor shall not have custody of, or access to, records of priests. In such a circumstance, the custody of records of priests, and access to those records, shall instead be given to the vicar general, the episcopal vicar for clergy, the judicial vicar, and/or the vice chancellor (provided that office is held by a priest), or to such other individuals as the Diocesan Bishop may designate.

2.0 SCOPE

This Document Retention Policy applies to all church workers of the Diocese, all parishes within the Diocese, and to all affiliated entities of the Diocese. There are no exceptions to the implementation of this Policy, other than the following:

General Exception to Document Retention Destruction Policy

If a church worker believes, or the Diocese informs him or her, that Diocesan records are relevant to current civil or canonical litigation, or potential civil or canonical litigation (i.e., a dispute that is likely to lead to litigation), then the church worker must preserve those records until the Chancellor of the Diocese in consultation with canonical and legal counsel determines the records are no longer needed. This exception always supersedes any previously or subsequently established destruction schedule for the affected records. If a church worker believes that an exception may apply, or has any question regarding the possible applicability of that exception, that employee should contact his or her supervisor, or the Moderator of the Curia or the Chancellor, who will, in turn, consult canonical and legal counsel as is appropriate.

3.0 GENERAL DEFINITIONS

Media

Paper, electronic mail, or electronic storage device (e.g., flash memory device, floppy disk, hard disk, CD-ROM, magnetic tape, microfilm, microfiche, or any similar data storage medium) used to develop, maintain, or transmit diocesan records

Records

Correspondence, documents, or any other media generated, distributed, or maintained by a diocesan employee in the performance of his or her job duties.

Retention period

The time period that records must be maintained to satisfy legal and business requirements.

Church worker

For purposes of this policy, a church worker includes clergy, religious, seminarians, deacon candidates, employees and volunteers.

4.0 DOCUMENT RETENTION POLICY

4.1 GENERAL PROVISIONS

A. Follow Applicable Retention Schedules

Diocesan records are to be maintained according to the guidelines established in the Records Retention Schedule (attached as Appendix A).

B. Implementation of Retention Schedules

Records are to be maintained only for the recommended retention period; records no longer required for any ministerial, canonical or legal purpose are to be discarded and destroyed. The filing and retaining of documents in diocesan ministry sites should therefore, to the extent possible, be done in

a manner that permits ready application of the retention period for particular documents. An example of this principle would be the storage of documents of a uniform or like type and date range in boxes bearing a written designation “Destroy After _[date]____.” In circumstances where documents of different date ranges are stored and interspersed with other active files, the ministry site supervisor responsible for document retention compliance should undertake at least an annual review of files to remove and segregate those documents whose retention is no longer required under the applicable retention period. Any such documents should then be destroyed.

C. Destruction of Documents

Each department, parish, and/or agency is responsible for the prompt disposal or destruction of all records upon expiration of the scheduled retention period.

- **Non-confidential documents:** Documents that do not contain any confidential information may be disposed of by recycling or by discarding with other refuse.
- **Documents bearing confidential information:** Documents that contain any manner of confidential or otherwise private information must be destroyed/shredded to prevent the danger of confidential information being obtained and misused for identity theft; fraud, or other unlawful purposes. Such documents must be destroyed under the direct supervision of the responsible supervisor, must be destroyed or shredded in a manner that reasonably ensures that confidential information may not be thereafter sifted out of the byproducts, and must be destroyed on the workplace premises. In lieu of destruction by the responsible supervisor, the diocesan entity may retain the services of a reliable and reputable document-destruction company that provides secured document destruction/shredding and a certificate of destruction.

D. Miscellaneous Provisions:

- Each department, parish, or agency is responsible for maintaining its own records. Records may be maintained on-site or stored off-site at a secure document retention facility.
- The Chancellor, in consultation with the Bishop’s canonical adviser and the Diocesan General Counsel, is responsible for establishing retention schedules for any records not enumerated in the Records Retention Schedule.
- If two retention times appear to conflict, select the longer retention time and contact the Chancellor for clarification.

E. Questions:

All questions about the retention and destruction of specific records or the departmental, parish, or agency responsibility for maintaining certain types of records should be referred to the Chancellor who may then consult the canonical and civil counsel in determining a response.

4.2 ENFORCEMENT

The success of the Document Retention Policy for the Diocese of Sacramento lies in uniform and diligent enforcement of its provisions. For this reason, the failure by an employee to comply with the provisions herein may subject that church worker to disciplinary action, up to and including termination of employment. Any church worker found to have knowingly and intentionally violated this policy will be subject to immediate dismissal.

5.0 CONTENT AND TREATMENT OF SPECIFIC TYPES OF FILES**5.4 LAY EMPLOYEE RECORDS****A. File Types**

Lay employee records for the Diocese of Sacramento include a general personnel file, containing material set forth below. A lay employee may also have records related to work eligibility, workplace injuries, and medical records (for purposes of disability accommodation or protected leave) — materials that will be kept in separate confidential files.

B. File Categories

Lay employee records shall be classified according to the following three categories:

- “Active employee,” pertaining to lay employees currently employed by the Diocese of Sacramento, whether at the Pastoral Center, a parish, a diocesan school, or at another diocese-affiliated entity.
- “Former employee,” pertaining to lay employees who are now retired, resigned, discharged, or otherwise no longer employed by the Diocese.
- “Applicant / not hire,” pertaining to individuals who have applied for employment within the Diocese of Sacramento, but who were not hired.

C. Access to Files:

- **Pastoral Center:** Lay personnel records at the Pastoral Center will be maintained in a uniform manner by the Office of Lay Personnel, which will supervise access to such files by other departments, parishes, or agencies. Records other than the general personnel file (such as medical or disability files) will be maintained in confidential folders in secure filing cabinets, separate from general personnel records. Access to confidential records will be strictly limited to the Diocesan Bishop or his delegate, the Chancellor, or the Director of Lay Personnel.
- **Parishes / Diocesan Schools:** Lay personnel records located at parish or school facilities in the Diocese will also be maintained in a uniform and organized manner, in secured files, with access to those records supervised by the pastor or his designee, or, in the case of school records, the principal or his or her designee. Records other than the general personnel file (such as medical or disability files) will be maintained by the parish or school in confidential folders, in secure filing cabinets, separate from general personnel records. Access to confidential records of this nature will be strictly restricted to the pastor or his designee, or the principal or his or her designee.

D. Content of General Personnel Files:

1. General personnel files for diocesan lay employees contain the following information:
 - Original, signed Pre-Application Statement & Acknowledgment
 - Original, signed Pre-Application Questionnaire
 - Application for employment
 - Copy of advertisement for that position (if any)
 - Resume of employee
 - New Employee form (PT 100)

- Job description
 - Original, signed employment contract form (principals and teachers at diocesan schools, extended day care directors, and certain cemeteries department employees)
 - Original, signed copies of Personnel Handbook acknowledgments (Acknowledgment of Receipt of Handbook; Acknowledgment of Diocesan Policies as Religious Employer; Antidiscrimination/Antiharassment Policy Acknowledgment; Electronic Communications Policy Acknowledgement; and Agreement Regarding Arbitration of Disputes)
 - A copy of the signed acknowledgment for the Code of Pastoral Conduct. (Originals of the acknowledgment form are forwarded to, and will be maintained by, the Safe Environments Coordinator for the Diocese, at the Pastoral Center.
 - Records concerning fingerprint/background clearance of the employee, if applicable. (Note: Actual criminal background information received from the Department of Justice will be retained as set forth in Section 5.5, below.)
 - IRS Form W-4
 - Direct deposit authorization form
 - Job-related training records (e.g., sexual harassment prevention training, safety training)
 - Job assignment/promotion record
 - Salary information
 - Records of sick leave
 - Records of vacation
 - Performance evaluations
 - Records related to workplace discipline (including written warning forms)
 - Benefits enrollment application
 - Pension plan beneficiary designation form
2. In addition to the contents outlined above, the personnel files for lay employees at diocesan schools contain the following additional materials:
- Catechist certification
 - Child abuse reporting acknowledgment form
 - Credential, license, or certification documents
 - Educational transcripts and proof of degree(s)
 - Fingerprinting information (documentation that fingerprint background check has been completed – not actual criminal background material, if any)
 - Tuberculosis screening documentation
 - Bloodborne pathogen training documentation
3. Types of records not enumerated above should not be added to the general personnel file without review by the Director of Lay Personnel, who will ordinarily consult with canonical counsel and Diocesan Attorneys as appropriate in determining the appropriate manner of handling the type of file or record in question.

E. Records Not To Be Kept In General Personnel File (Confidential Files)

In general, any records that are not job related should not be retained in an employee's personnel file. The following types of records, although job related, shall not be included in a lay employee's personnel file, but shall be retained in separate confidential files, in secure filing cabinets, with restricted access:

- Verification of eligibility to work in the U.S., Form I-9
- Emergency information sheet
- Medical leave records
- Medical information pertaining to the employee (including information protected under the Americans with Disabilities Act or the California Confidentiality of Medical Information Act)
- Records related to any complaint of discrimination filed with federal or state government agencies
- Workers' compensation claims and related records

5.5 CRIMINAL BACKGROUND CHECK RECORDS**A. Purpose of Records**

Consistent with the call of the Charter for the Protection of Children and Young People (adopted by the U.S. Conference of Catholic Bishops), the Diocese requires fingerprint background checks for all clergy and religious, as well as for all volunteers and employees (in connection with any diocesan entity or activity) who have contact with minor pupils at diocesan schools or who have supervisory or disciplinary power over minors in their care. After any employee or volunteer submits fingerprints to the California Department of Justice (DOJ), the Diocese thereafter receives confidential reports from DOJ concerning whether the individual has a criminal record. The Diocese also receives follow up notices from DOJ concerning the individual, if, after the initial fingerprint background check, the individual is later convicted of any criminal offense.

B Use of Records

Criminal background check records are used by the Diocese to determine whether the individual has a criminal background that would disqualify him or her from employment or volunteering in certain settings (e.g., an applicant would be disqualified from employment as a teacher if he or she had a prior offense involving child abuse). The information received from DOJ is maintained in secured files, with strictly-limited access. It is the intent of the Diocese to receive and retain criminal history information received from DOJ in a manner consistent with the requirements of state law and the regulations issued by DOJ.

C. Retention of Records

Criminal background check records on specific individuals will be retained for as long as that individual continues to engage in ministry within, volunteer with, or be employed by, any entity of the Diocese (parish, school, ministry, etc.). Retention according to this schedule is a business necessity for the Diocese, given that clergy, religious, volunteers or employees may engage in ministry in, or volunteer or work at different diocesan workplaces or ministries (or may work in one location and volunteer at another), and retention of the records will permit verification of qualification for a variety of positions without a gap in

the coverage of such information or the need for re-submission of fingerprint records in connection with each ministry or diocesan activity in which the individual participates. These records will be destroyed at such time as the individual ceases engaging in ministry within, volunteering for, or being employed by, the Diocese, and where the individual provides the Diocese with notice that he or she no longer intends thereafter to volunteer or work for any diocesan workplace, ministry, or activity.

5.6 ELECTRONIC MESSAGES (EMAIL)

A. Purpose of Emails

The objectives of using electronic messaging are primarily to take advantage of a fast and automated means of communication, and to exchange information more efficiently than by telephone or written memorandum. Email also reduces the generation and handling of paper documents by shifting the creation, transmission, and retention of short-term correspondence to electronic form.

B. Prohibited Uses

Email shall not be used for transmission of information that promotes or transacts the following: discrimination on any basis prohibited by applicable law; sexual harassment, or harassment based upon any other applicable protected characteristic; copyright infringement; or any other unlawful activity. Email shall also not be used in a manner that is inconsistent with the diocesan standards of conduct, as set forth in the relevant clergy or lay personnel policy materials.

C. Purpose of Email Retention Policy

The purpose of having email provisions in the Document Retention Policy for the Diocese is to promote efficiency, reduce costs, and to assist the Diocese in its day-to-day operations. Authorizing deletion of unnecessary electronic records will conserve valuable computer storage space and improve the efficient management of the Diocese's affairs.

D. Scope

All emails on the diocesan server will be archived by the IT Department, and maintained for a period of four years from the date of creation of the email. Once archived emails have been stored for a period of four years, those emails will then be deleted from the archiving system, unless otherwise directed by the Bishop or his designee (for reasons including, but not limited to, the need to delay destruction of the email records due to pending litigation).

DIOCESE OF SACRAMENTO – RECORD RETENTION SCHEDULE

1. Accounting and Finance
2. Administrative Records (corporation sole / parish)
3. Cemetery Records
4. Confidential Canonical Files (Archivum Secretum – Canon 489)
5. Contracts
6. Correspondence and Internal Memoranda
7. Insurance Records
8. Legal Files and Papers
9. Miscellaneous
10. Payroll Records
11. Pension Records / Supporting Employee Data
12. Personnel Records (Clergy)
13. Personnel Records (Lay Employee)
14. Criminal Background Check Records
15. Plant and Property Records
16. Publications
17. Sacramental Records
18. Safety and Environmental Records
19. School Department / School-Related Records
20. Tax Records
20. Tribunal
21. Emails

RECORDS TYPE	RETENTION PERIOD
1. Accounting and Finance	
Accounting	
Accounts payable invoices	7 years
Accounts payable ledgers	7 years
Accounts receivable ledgers	7 years
Credit card statements / charge slips	7 years
Invoices and paid bills, major building construction	Permanent
Invoices and paid bills, general accounts	7 years
Cash books	7 years
Cash journals	7 years
Cash journal, receipts on offerings and pledges	7 years
Depreciation records	Permanent
Petty cash vouchers	3 years
Receipts	7 years
Mortgage payments	7 years
Banking records	
Bank deposits, slips	7 years
Bank statements, reconciliations	7 years
Cancelled checks, general	7 years
Cancelled checks, important payments	Permanent
Check registers / stubs	7 years
General records	
Audit reports	Permanent
Balance sheets, annual	Permanent
Balance sheets, monthly/quarterly	1 year
Budgets, approved / revised	2 years
Financial reports, annual	Permanent
Financial reports, monthly	1 year
Financial statements	Permanent
Investment	
Bonds, cancelled	7 years from date of cancellation
Certificates of deposit, cancelled	3 years after redemption

RECORDS TYPE	RETENTION PERIOD
Letter of credit	7 years
Mortgage records	Permanent
Securities sales	7 years
Stock investments	7 years after sale
Other Financial Records	
General ledger / annual	Permanent
Journals, general and specific funds	Permanent
Journal entry sheets	7 years
Ledgers, subsidiary	7 years
Pledge registers / ledgers	7 years
Permanently restricted gift documents	Permanent
Temporarily restricted gift documents	7 years after meeting restrictions

2. Administrative Records (corporation sole / parish)

Annual reports to the Chancery (Status Animarum)	Permanent
Annual reports to the diocese / parish	Permanent
Articles of incorporation and bylaws	Permanent
Bequest and estate records (wills, e.g.)	Permanent
Board / board committee minutes	Permanent
Census records	Permanent
Correspondence, official (regarding diocesan/parish policies, directives)	Permanent
Correspondence, routine	Review / destroy biannually
Donor lists	Permanent
Endowment decrees	Permanent
Finance Council minutes	Permanent
Historical file (newspaper clippings, photos, etc., regarding history of diocese/parish)	Permanent
Inventories of property and equipment	Permanent
Leases of any types	7 years after expiration of lease term
Liturgical ministers' schedules (altar servers, lectors, Eucharistic ministers, etc.)	Retain until superseded
Mass intention records	2 years

RECORDS TYPE	RETENTION PERIOD
Office files	Selective retention: review and retain only those that document diocesan/parish administration and official activity
Organizational records for diocese / parish (minutes, correspondence, publications, etc.)	Permanent
Pastoral council constitutions	Retain until superseded
Pastoral council minutes	Permanent
Priest personnel board minutes	Permanent
Photographs (relating to diocesan/parish history, clergy, parishioners)	Permanent
Policy statements	Permanent
Religious education reports	Permanent
Rosters of parishioners / parish directories	Permanent
Wills, testaments, codicils	Permanent

3. Cemetery Records

Account cards	Permanent
Annual report	Permanent
Bank statements	7 years
Board minutes	Permanent
Burial cards (record of the interred's name, date of burial, and related information)	Permanent
Burial records (record of interred's name, date of burial, etc.)	Permanent
Contracts documenting lot ownership	Permanent
Correspondence	2 years (assess whether record has historical, legal, or fiscal value)
Deeds / cemetery ownership records	Permanent
General ledger	Permanent
Maps of lots / burials	Permanent

4. Confidential Canonical Files (*Archivum Secretum – Canon 489*)

All files	Retain for period prescribed by the Code of Canon Law, up to a maximum of 10 years
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RECORDS TYPE	RETENTION PERIOD
5. Contracts	
Contracts and related records	7 years after final performance under the contract
6. Correspondence and Internal Memoranda	
Correspondence or memoranda related to documents enumerated in this Schedule	Same time period as specified for the underlying record
Correspondence or memoranda having no significant or lasting consequences (such as routine letters or notes, letters or memoranda for which no acknowledgement or follow up are necessary)	1 year
Correspondence or memoranda pertaining to non-routine matters, or having lasting or significant consequences (such as letters explaining diocesan policy)	5 years
7. Insurance records	
Policies	
Insurance policies — active	Permanent
Insurance policies — cancelled	Permanent
Claims files	
Workers compensation claims files	10 years after close of matter
Tort / contract claim (no litigation)	7 years after last correspondence or contact with claimant
Disability claims files	7 years after return to work, retirement, or death
8. Legal Files and Papers	
Correspondence, legal	10 years
Legal opinion / memorandum	10 years
9. Miscellaneous	
Policies / procedures manuals	Permanent
10. Payroll Records	
Payroll journals	7 years
Payroll registers, summary schedule of earnings, deductions, and accrued leave	7 years

RECORDS TYPE	RETENTION PERIOD
Payroll/earnings records (timesheets, ADP master payroll reports, payroll deduction authorizations)	7 years
11. Pension Records / Supporting Employee Data (maintained by Plan Administrator)	
Pension records / vesting files	For lifetime of plan
Retirement benefits records	For lifetime of plan
Pension payment records	For lifetime of plan
12. Personnel Records (Lay Employees)	
General records	
Attendance records (time cards, time sheets)	7 years
Employee contracts (teachers and principals at diocesan schools, extended day care directors, and certain cemeteries department employees)	7 years after end of employment
Employee salary schedules	7 years
Payroll/earnings records (timesheets, ADP master payroll reports, payroll deduction authorizations)	7 years
Personnel file	7 years after end of employment
Vacation / sick leave records	7 years after end of employment
Termination records	7 years after end of employment
School employee records	
Any school-employee-specific records (such as credentials, degrees, fingerprinting information, tuberculosis screening, bloodborne pathogen training, catechist certification) that may be contained in the employee's general personnel file	7 years after end of employment
Disability/injury/medical records	
Disability records (confidential) retirement, or death	7 years after return to work,
Accident / injury reports	5 years
Employee medical complaints	5 years
Employee medical records (confidential)	5 years from end of employment
Job applicant records	
Application records – individuals not hired	2 years
Job advertisement records	2 years
Tax /eligibility/payroll records	
W-2 forms	7 years from date of filing

RECORDS TYPE	RETENTION PERIOD
W-4 forms	7 years from date of filing
I-9 form	3 years after end of employment
14. Criminal Background Check Records	
Records concerning ongoing volunteers at parishes, schools, or other diocesan ministries	Continuous, until volunteer services permanently cease (see below)
Records concerning volunteers who leave the geographic territory of the Diocese or otherwise give notice of their intent to cease any further volunteer services with any diocesan organization or ministry	Destroy upon cessation of volunteer work
Records concerning ongoing employees at diocesan workplaces separates and will not be	Continuous, until employee providing volunteer services (see below)
Records concerning employees who separate from employment with the Dioceses (for any reason) and who provide notice of their intent not to serve in any volunteer capacity with any diocesan organization or ministry	Destroy upon separation from employment
Records concerning clergy or religious assigned at any parish or diocesan workplace	Continuous, unless the individual leaves the service of the Diocese or otherwise ceases to engage in ministerial services
15. Property / Physical Plant Records	
Abstracts, deeds	Permanent
Architectural records, blueprints, building designs, specifications	Permanent
Architectural drawings	Permanent
Deeds and supporting files	Permanent
Mortgage documents	Permanent
Property appraisals	Permanent
Real estate surveys/plots, plans	Permanent
Title search papers and certificates	Permanent
Property inventory lists	7 years
16 Publications	
Anniversary books	Permanent (at least one copy)
Annual reports to the diocese/parish	Permanent

RECORDS TYPE	RETENTION PERIOD
Diocesan directories	Permanent
Newsletters of the diocese/parish or affiliated organizations	Permanent
Parish directories	Permanent
Parish bulletins	Permanent
17. Sacramental Records	
Baptism register	Permanent
First Communion register	Permanent
Catechumen register	Permanent
Confirmation register	Permanent
Marriage register	Permanent
Marriage case files	Permanent
Sick call register	Permanent
Death register	Permanent
18. Safety and Environmental Records	
Accident / injury reports	5 years from end of year in which occurrence took place
Environmental test records/reports	Permanent
Hazardous exposure records	Permanent
Toxic substance exposure records	Permanent
19. School Department / School-Related Records	
Administrative records	
Accreditation files	Permanent
Assessment materials (student testing materials such as completed exams, forms, reports, and printed materials related to standardized tests/assessments)	Final reports: permanent Other materials: retain until superseded
Booster club minutes	Permanent
Class lists	Permanent
Class schedules	Retain until superseded by new schedule
Faculty meeting minutes	Retain until next accreditation cycle, then destroy

RECORDS TYPE	RETENTION PERIOD
Field trip forms and permission slips	3 years after date of event/trip
Fingerprint information (employees and volunteers)	
Grade report cards and grade books	Cum file reports: permanent Yearly grade books: 1 year
Student rosters (including graduation lists)	Permanent
Handbooks (faculty, staff, parent, student)	Retain until updated (archive at least one copy permanently)
Library schedules	Retain until superseded
Newsletters (to parents, school community)	Retain until next accreditation cycle, then destroy
Parent-teacher conference files	Retain until superseded
Parent-Teacher Organization minutes	Permanent
Private School Affidavit	Permanent
Promotion lists	Retain until superseded
Reading Group lists	Retain until superseded
Retention lists	Retain until superseded
Scrapbooks	Permanent
Subject files	Annual review then destroy
Teacher's attendance register	Permanent
Textbook inventory	Retain until superseded
Yearbooks	Permanent
Student records	
Academic dismissal	Permanent (record on cumulative file)
Accident Reports	5 years
Administration of Medication forms	Retain 1 year after transfer
Admission contracts	Retain in general school file (not in cumulative); destroy 6 months after cumulative file has been transferred to next school (do not forward to next school)
Application, registration, and enrollment records	Retain until end of current school year

RECORDS TYPE	RETENTION PERIOD
Attendance Information	
1. Record of Number of Days Absent and Times Tardy	Permanent (reported on cumulative file)
2. Written Absence and/or Tardy notes, dated and signed by parents.	Retain until end of current school year then destroy
3. Absentee Registers (daily attendance recorded in legal register provided)	Permanent school file
4. Sign-in, Sign-out sheets (for Preschool, Extended Care and regular school day)	Retain in general school file until end of year then destroy
Behavioral Pattern Reports	Retain in separate file (not in cumulative file); destroy 6 months after cumulative file has been transferred to next school
Certificate of Eligibility for Nonimmigrant (F-1) Student Status – for Academic and Language Students	Permanent; record on cumulative file
Child Abuse Reporting Form	Retain in a confidential separate school file permanently (*if the Administrator is aware of Report)
Child Custody Records	Permanent; record in cumulative file
Detention (Notice of Detention to parents)	Retain if behavior pattern persists, otherwise destroy
Discipline data	Retain as long as student is enrolled in school
Emancipated Student	Permanent; retain in cumulative file.
Emergency cards	Retain most current card in general school file; destroy previous cards
Expulsion	Permanent; record on cumulative file
Guidance Counselor notes	Retain in separate file (not in cumulative file); destroy 6 months after cumulative file has been transferred to next school

RECORDS TYPE	RETENTION PERIOD
Health record	Forward to receiving school when student transfers/graduates (do not retain a copy of the health record)
Health-related occurrence, record of student	Retain 3 years then destroy
Parental authorizations or prohibitions of student participation in specific programs (not field trip forms)	Retain until end of current school year then destroy
Parental restrictions re: access to directory information or related stipulations	Retain until end of current school year then destroy
Permanent Student Record (cumulative record) obtained by the school	Original must be permanently retained by the sending school; a copy must be transferred by mail to the next school upon written request from parent/legalguardian or district where the student intends to enroll
Permission to walk home or to parent's work location after school	Retain until end of current school year then destroy
Pregnancy	Destroy after 3 years, or after age 18
Referral of student to public agents or counselors	3 years
Restraining Orders	Retain in file until transfer of student
Sports Participation Forms	3 years after conclusion of season for the sport to which form applies
Standardized test results	
1. Student record label	Permanent- affix to cumulative file
2. Copy of student report for tests administered while student attended school	Retain in separate file; destroy 1 year after student has transferred schools
3. Suspension records	3 years after student leaves school. Retain in separate file (not in cumulative file)

RECORDS TYPE	RETENTION PERIOD
20. Tax Records	
Employment taxes, contributions, and payments, including taxes withheld and FICA	7 years from date of filing
W-2 Forms	7 years from date of filing
W-4 Forms	7 years from date of filing
Form 990	Permanent
State tax exemption certificates (income, excise, property, sales/use, etc.)	Permanent
1099 Forms	7 years from date of issuance
Unemployment tax records	7 years from date of filing
21. Tribunal Records	
Judicial cases	Permanent
Administrative cases	Permanent
Dispensations and permission	Permanent
Sanations	Permanent
21. Emails	
Emails stored on the diocesan server	4 years from date of creation of the email message (subject to longer period as directed by Bishop for compelling reason, including, but not limited to, need to preserve records for longer period due to pending litigation)
Emails containing material that falls within one of the longer retention periods in this policy	Print email and retain for period specified in this policy
Ephemeral Correspondence (personal email, requests for recommendations or review, email related to day-to-day operations and ministry)	Retain until read, then delete

Parish Capital Projects: Financial Planning and Design Process



“Blessed are those who mourn,
For they shall be comforted.”

300

PARISH CAPITAL PROJECTS: FINANCIAL PLANNING AND DESIGN PROCESS

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Diocese of Sacramento Parish Construction Project Protocols

The Diocese of Sacramento is dedicated to assisting its parishes and schools in accomplishing successful construction projects. Through the use of standard procedures, it is our intent to assist parishes and schools to accomplish effectively designed and constructed projects while delivering the projects in the most cost effective manner possible. A summary of these standard procedures follows:

THE PROCESS FOR CONSTRUCTING A FACILITY IN THE DIOCESE OF SACRAMENTO

1. The parish identifies a need for a facility and determines a conceptual solution to meet that need. This vision for a facility is then shared with the Diocesan Finance Office.
2. From this general vision, the parish and Diocesan Finance Office work together to determine a Conceptual Project Funding/Loan Repayment Plan that is based upon an estimated project budget amount and projected cash flows, including projected capital campaign pledge collections and projected annual excess operating revenues. At this point the Diocesan Finance Office, in coordination with the Board of Directors of The Parochial Fund Inc. and the Diocesan Vicar General, makes a determination as to whether it is reasonable to pursue a conceptual design and budget for the project.
3. If it is deemed reasonable to move forward at the time, then the Parish engages an architect to develop the Conceptual Design for the project. The Conceptual Design includes the conceptual master site plan; conceptual floor plan; and conceptual elevations for the facility to be constructed.
4. The architect does not move beyond the Conceptual Design stage until diocesan approval is granted for the conceptual design as described above. Diocesan approval is granted by the Diocesan Bishop after hearing from the Diocesan Building Committee which itself makes a thorough review of the proposed conceptual design and makes its recommendation(s) to the Diocesan Bishop.
5. Once the Parish's Conceptual Design receives diocesan approval, then the estimated budget for the project is revised and the Conceptual Project Funding/Loan Repayment Plan is revised as well. When the parish's Project Funding/Loan Repayment Plan involves a loan, the Plan is submitted to the Board of Directors of The Parochial Fund Inc., a California Nonprofit Religious Corporation, that serves as the parish bank in the Diocese of Sacramento. If approved, a formal loan commitment is made to the parish. This commitment is most often contingent upon the parish actually achieving the level of pledges assumed in the Project Funding/Loan Repayment Plan.
6. Once the parish has gained a formal loan commitment from The Parochial Fund Inc. (PFI), then the parish must also request diocesan approval to: (i) make the expenditure of funds and (ii) accept the loan commitment from PFI. Diocesan approval is granted by the Diocesan Bishop after hearing from the Diocesan Finance Council which itself makes a thorough review of the Project Funding/Loan Repayment Plan and makes its recommendation(s) to the Diocesan Bishop.
7. Once the Conceptual Design has received diocesan approval; a formal loan commitment has been received from PFI; and diocesan approval for the expenditure of funds and acceptance of the loan has been achieved; then the parish typically engages a contractor for at least pre-construction services. This enables more accurate budgeting throughout the design of the project and allows for value engineering during the design phase of the project.

8. Upon engagement, the contractor is asked to prepare an initial detailed turn-key budget, including all hard and soft costs, and contingency provision.
9. Once it is established that the Project Budget as prepared by the Contractor is in line with the approved Project Funding/Loan Repayment Plan, then the architect is authorized to move to the Design Development stage.
10. Upon completion of Design Development documents, the plans are submitted to the Diocesan Finance Office where they are reviewed for consistency with the approved Conceptual Design for the project.
11. If the Design Development documents are found to be consistent with the approved Conceptual Design for the project, then the Contractor updates the Project Budget based upon the Design Development documents. The updated Project Budget is then shared with the Diocesan Finance Office to ensure consistency with the approved Project Funding/Loan Repayment Plan.
12. Once it is established that the updated Project Budget as prepared by the Contractor is in line with the approved Project Funding/Loan Repayment Plan, then the architect moves to the Construction Drawings Phase of design.
13. Upon completion of Construction Drawings, they are submitted to the Diocesan Finance Office where they are again reviewed for consistency with the approved Conceptual Design for the project.
14. The Contractor then bids the various construction line items seeking at least three bids per line item. The parish and diocese normally review the sub bids and actively participate in the selection of the subs. (This assumes project delivery via a negotiated fee with a general contractor. This is the typical project delivery methodology employed in the diocese, though parish requests for alternative delivery methods are considered.)
15. Once the bids are selected, the Contractor prepares the final budget that is then presented to the Diocesan Finance Office to ensure consistency with the approved Project Funding/Loan Repayment Plan. If the final budget is found to be in line with the approved Project Funding/Loan Repayment Plan, then the contractor is given authorization to begin construction.
16. During construction, oversight of the work is provided by the parish, the diocesan construction representative, and the architect to ensure that the project is completed in a timely manner; that it is completed in accord with the approved plans; and that invoiced amounts are consistent with the amount of work performed.
17. During construction the diocesan representative is available to assist the parish and contractor in resolving issues that arise.
18. All change orders must receive formal diocesan approval prior to making a formal commitment for the work. In addition, all formal change order documents must be signed by both the parish and the diocese. Notwithstanding the above, the parish and diocese may agree upon a working arrangement for authorizing small change orders in a timely manner. The level of change order deemed to be "small" shall be determined on a case-by-case basis.

19. At the completion of construction two as-built sets of building plans should be received from the contractor. One set of plans is to be retained at the parish and the second set is to be deposited with the diocesan finance office for permanent retention.

CONTRACTING WITH ARCHITECTS AND CONTRACTORS

1. All contractors and architects must be pre-approved by the diocese prior to their engagement by a parish. If a parish is proposing to engage either an architect or contractor that is not already approved, then qualifying information must be presented to the Diocesan Finance Office for review and approval by the Diocesan Building Committee.
2. Contractors and architects are normally selected via a standard process that includes identifying a list of candidates; sending each a Request for Information (RFI); reviewing the information submitted; selecting a short-list for in-person interviews; interviewing the candidates selected; considering each's fee proposal; and then selecting the architect or contractor based upon the findings. The diocesan Finance Office is available to assist in this process upon request.
3. All contractors must be bondable for the full amount of the work to be performed under the contract. Payment and performance bonds are required for any contract in excess of \$100,000, and must be issued by an entity acceptable to the diocese.
4. All contractors are required to regularly provide evidence of adequate liability and workers compensation insurance in such amounts as are required by Diocesan Policy. Contracts terms shall provide that the diocese be provided with Certificates of Insurance evidencing such coverages and naming Roman Catholic Bishop of Sacramento, a corporation sole as an additional insured on such policies.
5. Contracts with architects and contractors are prepared on standard AIA forms with some modification.
6. All contracts for services must be between the architect or contractor and the owner. The owner is "Roman Catholic Bishop of Sacramento, a corporation sole/St. Your Parish, an unincorporated non-profit religious association".
7. Such contracts are executed on behalf of the owner by both the pastor of the parish and the vicar general of the diocese.

FORMAL FUND-RAISING/CAPITAL CAMPAIGNS

1. All parish capital campaigns must be undertaken with the formal assistance of a professional fund-raising firm.
2. All professional fund-raising firms must be pre-approved by the diocese prior to their engagement by a parish. If a parish is proposing to engage a professional fund-raising firm that is not already approved, then qualifying information must be presented to the Diocesan Finance Office for review and approval.
3. The professional fund-raising firm is normally selected via a standard process that includes identifying a list of candidates; sending each a Request for Information (RFI); reviewing the information submitted; selecting a short-list for in-person interviews; interviewing the candidates selected; considering each's fee proposal; and then selecting the firm based upon the findings. The Diocesan Finance Office is available to assist in this process upon request.

4. Parishes may undertake a formal capital campaign only after having achieved diocesan approval for both the conceptual design of the proposed project and the parish's Project Funding/Loan Repayment Plan. Diocesan approval of the conceptual design of the proposed project is granted by the Diocesan Bishop after hearing from the Diocesan Building Committee. Diocesan approval of the Project Funding/Loan Repayment Plan of the proposed project is granted by the Diocesan Bishop after hearing from the Diocesan Finance Council. To the extent that the Project Funding/Loan Repayment Plan includes a loan from The Parochial Fund Inc. (PFI), then a formal loan commitment must have been received from PFI prior to requesting diocesan approval for the Plan.
5. All contracts for services must be between the professional fund-raising firm and the owner. The owner is "Roman Catholic Bishop of Sacramento, a corporation sole\St. Your Parish, an unincorporated non-profit religious association".
6. Such contracts are executed on behalf of the owner by both the Pastor of the parish and the Vicar General of the diocese.

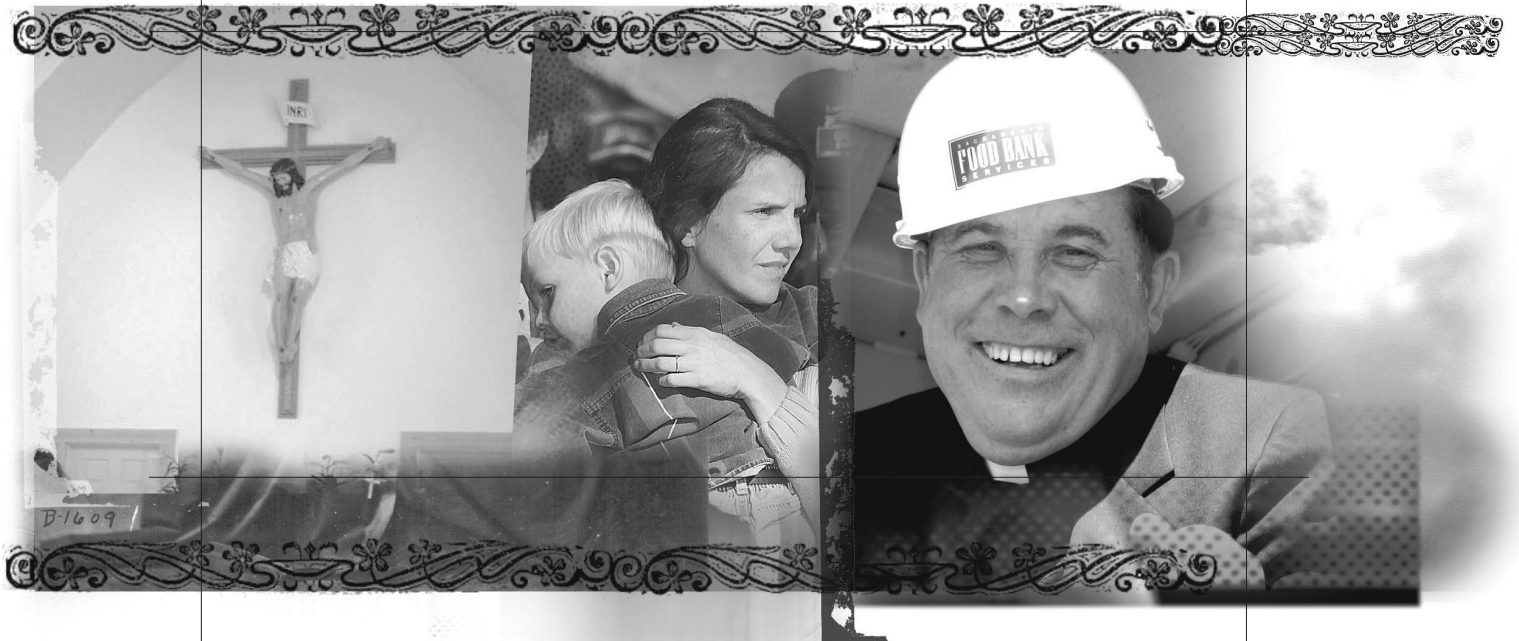
RENOVATIONS/REMODELING OF CHURCHES

Any renovation or remodeling to the interior of a Church must receive conceptual Diocesan approval through the Office of Worship. Renderings and descriptions of proposed changes should be submitted as part of a formal request signed by the Pastor.

CHURCH DESIGN

All Churches are to be designed consistent with and in observance of the Church's liturgical norms. Please note that all churches, oratories and chapels are to include kneelers.

Real Property



“Blessed are those who hunger and thirst for righteousness,
For they shall be filled.”

400 REAL PROPERTY

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GENERAL

Another aspect of the Pastor's administrative responsibilities is that of managing the real estate of the parish. Canon 515§1 defines the parish as a definite community of the Christian faithful established on a stable basis within a particular church. It embraces all the Christian faithful within a certain territory. The pastoral care of the parish is entrusted to the Pastor as its own shepherd under the authority of a diocesan bishop. The Pastor controls the use of parish property and is responsible for its care and maintenance, including the payment of property taxes. Moreover, the Pastor's approval is required for any purchase or sale of parish property, for leasing of space, and for any other transaction (for example, an easement) affecting parish property. Although each parish has the right to acquire, retain, administer, and alienate temporal goods by virtue of Canon Law (Canon 515§3, 1255, 1256), it is the responsibility of the Diocesan Bishop to supervise carefully the administration all the goods that belong to the parish. Because of the form of incorporation of the Diocese of Sacramento, by the Civil Law all parish property is owned by the Roman Catholic Bishop of Sacramento, a corporation sole.

It is the Pastor, in other words, who takes the lead in initiating any decision affecting parish real property. The resources the Pastor may draw upon for any preliminary fact finding or "homework" needed in order for him to formulate and submit a sound real estate recommendation includes the information in this handbook, as well as input from the Diocesan staff and professionals in the parish.

In addition to receipt of Diocesan approval for all expenditures of \$15,000 or more, at least three bids must be received for all capital improvements and/or repairs to a parish or school. Building new buildings, refurbishing buildings, resurfacing of parking lots, painting projects, replacement of air conditioning units, roof repairs, carpets, and fencing projects are examples of projects which require a three bid minimum prior to approval of the project.

USES OF THIS CHAPTER

This chapter is designed to give the Pastor and parish resource persons the basic rules and the normal procedures which govern decisions about parish real property matters. Pastors are strongly urged to use the guidelines presented in this chapter as they formulate their recommendations for real estate transactions.

THE DIOCESAN FINANCE OFFICE

The Finance Office at the Diocese of Sacramento is a prime resource for the facts needed by the Pastor concerning parish real estate, its title, history or other data, the interpretation of the real estate sections of this manual and the initial feasibility of any specific real estate proposal the Pastor may be considering. No particular formality needs to be followed in contacting the Finance Office for these purposes. A telephone call (916.733.0277) or simple memorandum of inquiry is welcomed.

PARISHIONER PROFESSIONALS

Most parishes have parishioners who are real estate professionals, such as agents, developers, lenders, etc., or who, like lawyers, engineers, or government employees, deal regularly with or are knowledgeable about many aspects of real estate. Provided that the Pastor has reason to be confident about the competence and professionalism of the particular individual, and provided that the Pastor maintains control over the

activities of any individual on behalf of the parish, the use of parishioner professionals on a volunteer basis to advise and consult with the Pastor in parish real estate matters is encouraged. However, the decision making authority over real estate is never delegated to such individuals, nor to any group of parishioners. But since there is great value to the Pastor in obtaining the specific real estate advice and information that such parishioners can provide, the Pastor needs no further authority to utilize such parishioners if their services are provided on a volunteer basis. These resource people may also be members of the Pastoral Council and Finance Council of the parish.

If the professional services are to be compensated in the some form by the parish, however, the Pastor needs to obtain diocesan approval in each instance.

TITLE TO PROPERTY

402

THE ROMAN CATHOLIC BISHOP OF SACRAMENTO, a corporation sole, is the entity that hold civil law title to all church lands in his jurisdiction. For any purchase of real property title must be taken in the name of the Roman Catholic Bishop of Sacramento, a corporation sole, and all related purchases or sale contracts and other related documents must be signed by the Bishop, or his delegate.

AUTHORITY FOR PROPERTY DECISIONS

403

In addition to the Pastor, the Diocesan Bishop must give written approval for any purchase or sale of parish property, for any grant of easement (temporary or otherwise) or for any lease of parish property. In making this decision, the Diocesan Bishop may request input of the Finance Office and/or the Diocesan Finance Council and/or the Diocesan Property Committee (an adjunct committee of the Diocesan Finance Council).

RESPONSIBILITY FOR PARISH PROPERTY

404

Ownership of real property carries with it a number of duties and responsibilities. Some of these are matters that involve diocesan action, while others are the obligation of the Pastor/parish. The specific delineation of responsibility is set forth as follows.

TITLE, DOCUMENTS, FILES, RECORDS, ETC.

404.1

All original property records: maps, deeds, loans, leases, easements, are maintained at the Diocesan Finance Office. Parishes are to maintain copies of such documents and records, but the original documents and the principal property files are maintained and safeguarded in the permanent records of the Diocese at the Pastoral Center.

SIGNING AUTHORITY AND FORM OF DOCUMENTS

404.2

All real property transactions, including purchase, sale, lease, rent, easements, et al., must be in writing and must be signed by both the Pastor and the appropriate Diocesan official. No Pastor or any parish member, has unilateral authority to sign any real estate related document. Any such document must

be sent to the Diocesan Finance Office for review and execution. The Diocesan staff is responsible for ensuring the correct legal form of each real estate document, for obtaining the proper corporate signatures(s), and for obtaining any required acknowledgments(s).

INSURANCE

404.3

All parishes within the Diocese are insured with respect to property losses, both casualty coverage (fire, vandalism, theft, etc.) and liability coverage (slip and fall injuries, etc.). Gallagher Bassett is responsible for administering all claims and should be contacted immediately upon any indication of a possible claim.

In situations where Church properties are leased/rented or used by outside vendors (non-parish organizations), it is a requirement of these users to furnish and pay for a policy of comprehensive public liability insurance that meets the following requirements:

1. In general, a minimum of \$1,000,000 coverage per occurrence and \$2,000,000 aggregate. In some cases where the value of assets are larger, more liability insurance is required.
2. Endorsed to name "The Roman Catholic Bishop of Sacramento, a corporation sole", plus the parish, as additional named insureds.
3. Evidenced by a certificate of insurance delivered to the Diocesan Finance Office which provides for reasonable notice in the event of cancellation or material change.

Successful businesses or service organizations will already possess such insurance coverage and will consider compliance with the above requirements as routine. Some individuals or small groups will either be uninsured or will find the cost of complying with these requirements to be burdensome. If such users were permitted to use parish property, the entire liability for their activities while on parish property would fall upon the parish and diocese.

PROTOCOLS & CONSIDERATIONS WHEN PREPARING REAL ESTATE TRANSACTIONS

405

At the diocesan level, the primary contact for real property matters is the Chief Financial Officer who also serves as staff to the Diocesan Property Committee. Therefore, an initial phone conversation with the Chief Financial Officer at 916.733.0277 is welcomed to assist the Pastor to clarify and review the proposal.

When ready, the Pastor prepares a written document addressed to the Diocesan Bishop c/o Diocesan Chief Financial Officer describing the request about real estate and may include the following:

- Describes the proposed transaction: sale, buy, lease, rent, easement, et al.
- Describe the property and how the property would be used
- Indicates the degree of need the parish has for the proposed transaction
- Describe monies that are needed to complete the transaction e.g. monies on hand and money that needs to be borrowed. If a lease/rent, what revenues are expected and the date/time of lease
- Include any other information which the Pastor feels is important

In general, there is a predisposition on the part of the Diocese **not** to sell its properties. History has taught us that times change and local Church needs change such that having extra property is always preferred to not having enough.

APPROVAL AND ACQUISITION PROCESS

405.1

In making his decision, the Diocesan Bishop may receive input from his primary consultants in real property matters, including the Diocesan Finance Council, the Diocesan Properties Committee, and the Diocesan Chief Financial Officer. The Bishop's approval will be conveyed in writing. Once diocesan approval is granted, the Chief Financial Officer will assist the parish in handling all of the details of completion and documentation and/or closing escrow.

USE OF A REAL ESTATE AGENT

405.2

Sometimes it is appropriate to use the services of a licensed agent for the acquisition, sale, and leasing of property for a parish, and sometimes it is not. If the property to be sold is a single-family residence or a duplex, or if it is in a remote area, it is generally more efficient to list the property with a local agent. Occasionally, the Pastor knows of an agent that he believes should be used to sell the property. An agent may also be used to find a tenant to lease parish property. In some cases an agent may assist the parish in finding the property the parish needs. The Chief Financial Officer should be consulted in each case before any commitment is made to any agent.

If the question arises whether to use the services of an agent, or whether we might be incurring an obligation to an agent, please contact the Chief Financial Officer immediately with the facts of the case. The two guidelines we will follow in this matter are:

- we will always adhere to ethical business practice; and
- if we are ethically free to use an agent or not. Each case will be decided on the basis of the net benefit to the parish as determined by the Pastor in consultation with the Chief Financial Officer.

NET PROCEEDS

405.3

When escrow closes, the Pastor will be informed in writing of the amount of net proceeds received from the sale. Unless the Pastor or the Chief Financial Officer previously directed to the contrary, the entire net proceeds will be placed into an account for the parish in The Parochial Fund, Inc.

PARISH AS LESSOR – LEASE OF PARISH PROPERTY

406

The use of Diocesan and Parish facilities is only open to groups, organizations, and events that advance viewpoints, principles or objectives consistent with the Catholic faith. The use of parish facilities is not open to the general public. In order to assure that anyone using Parish/Diocesan facilities observes the teachings of the Catholic faith, the Bishop of Sacramento has established a Policy Regarding the Use of Diocesan and Parish Facilities in the Diocese of Sacramento, a Parish/Diocesan Facilities Use Report Questionnaire, and a Parish Facility Application/Rental Agreement. The policy, questionnaire and rental

agreement are all required components to be read and completed by anyone requesting to rent/lease or use Parish/Diocesan facilities. If serving or consuming alcohol is part of the event the Policy on the Service and Consumption of Alcoholic Beverages at Parish Facilities must be observed. These four documents are provided in Appendix B of this handbook. Please copy these documents for your use.

A temporary use of parish property means the full time use of a given area of the parish, but only for a limited time, usually a day or two or perhaps a month or two. A part time use of parish property is the use of a given area of the parish for one (1) year or less but only for certain specified hours of the day or certain specified days of the week.

Examples of leases which a parish might want to enter into are:

- A lease of one or more unused classrooms for Tuesday afternoons
- A lease of an unused convent
- A lease of parish property that is not currently being used (for example, an adjacent house, building or lot, or a part of the parking area), but which might be needed in the future and therefore should not be sold
- A location agreement for filming a TV show or commercial

For purposes of this handbook, a long term lease is defined as having a term of more than one (1) year.

LEASE ADMINISTRATION

406.1

RENT

The parish will receive the rent as it is paid. The parish is responsible for collecting late rent or for implementing any legal remedies under the lease.

PHYSICAL MAINTENANCE

The Pastor is responsible for the physical maintenance of the leased premises in accordance with the provisions of the lease. If the tenant is responsible under the lease for certain or all upkeep requirements, the Pastor monitors the tenant's performance in this regard. To the extent the lease does not require the tenant to maintain the premises, it is the parish's duty to do so.

OTHER TENANT OBLIGATIONS

The Pastor monitors the performance of any other obligations that the tenant may have, such as maintaining certain hours, keeping parking areas clear, not disturbing others, etc. If the tenant fails in such matters and does not improve performance after being reminded by the Pastor, it is recommended that the Pastor inform the tenant in writing of these breeches and describe the consequences for the breach of contract. The Chief Financial Officer is available to the Pastor to assist in this process.

PARISH AS LESSOR – FACTORS TO CONSIDER

407

Being a landlord requires involvement. The tenant's physical presence and activity on parish property will impact others, including, if not especially, the Pastor and the parish staff. The Pastor is advised to carefully

weigh the kinds of tenants and activities which he feels are worth living with. The Pastor also gives consideration to the following factors:

PROPERTY TAX EXEMPTION

407.1

EXEMPT LESSEE

If the tenant is itself exempt and is renting exempt property from us, the property tax exemption remains available by having the tenant join in the application or file its own application.

NON-EXEMPT LESSEE.

There is no prohibition to leasing parish property to a non-exempt tenant. **The problem is that the property being leased will no longer be exempt from property taxes.** In addition to the loss of the exemption for the leased premises, the act of leasing could trigger a reassessment of the leased property and either the parish or the tenant would have to pay what could amount to a large increase in the property taxes applicable to the premises. This factor needs to be given proper weight in evaluating the economics of the proposed lease.

LAY RESIDENTIAL TENANTS

407.2

It is the practice of the Diocese of Sacramento to allow some properties to be rented to lay tenants. This practice is carefully reviewed with the Pastor and the Chief Financial Officer in each circumstance. If you are giving consideration to the renting of residential property to laymen please call the Chief Financial Officer for guidance. Consult the items below in thinking through the decision to rent to lay tenants:

1. As stewards responsible for the prudent use of the Church's patrimony, we must responsibly manage Church property so that its use benefits the ministry of the Church whenever possible. The call to charity and concern for the poor must always be balanced against the need to prudently care for the patrimony of the Church. When tenants fail to pay rent, prudent pastoral judgment must be used to determine whether the failure to pay rent is due to true need or whether the tenant is simply taking improper advantage of the charitable intentions of the Church, as his or her landlord. If the tenant is truly a person or family in need, the Pastor must exercise his own sound pastoral judgment with regard to the issue of rent in view of the call to charity. If the tenant, on the other hand, is attempting to take improper advantage of the Church, the Pastor should again exercise his best pastoral judgment taking into account the need to prudently steward the resources of the Church. In the latter case, recourse to the civil forum may be appropriate. Sometimes it is simply best to avoid the problem by not renting any living quarters to lay people. Again, this is a matter of sound pastoral judgment.
2. It is very important that, if the decision is made to rent property to lay tenants, the property be managed responsibly and that it be leased to the tenants in a legally proper way. There should be a written lease agreement that sets forth the terms and condition of the rental. The lease should be prepared according to acceptable legal standards. If legal assistance is required, Pastors should consult the Diocesan Finance Office for guidance and referral to diocesan legal counsel. Also, the property must be properly maintained and remain habitable to acceptable living standards. If the Pastor

and parish do not have the time or resources to ensure that the property is properly managed and maintained, it should not be rented to lay tenants.

3. Parish lay employees or lay retirees are often candidates to reside in available parish housing which is used to supplement current or retirement pay. Unless carefully negotiated and documented, such an arrangement can easily make the employee or retiree dependent on parish housing and take from the parish flexibility concerning future use of its facilities, and could cause legal problems for the parish and/or the Diocese. This must be avoided.

RELIGIOUS RESIDENTIAL TENANTS

407.3

If the Pastor wishes to seek religious tenant(s) for available housing owned by the parish, please write the Bishop or phone the Chief Financial Officer.

PARISH AS LESSEE

408

Examples of leases which a parish might want to enter into as a tenant are:

- Rental of a residence for rectory or convent while the permanent rectory or convent is being constructed
- For a newly formed parish, rental of a place for Mass until the first church is built
- Rental of a large assembly hall or sports facility for a special function that cannot be accommodated at the parish facilities.

LEASE PERFORMANCE

408.1

RENT

The Parish is responsible for paying the rent as it comes due under the lease.

OTHER OBLIGATIONS

The Pastor is responsible for seeing that the parish honors all other obligations of the tenant under the lease, such as maintenance or clean up of the premises, payment of utilities, etc.

EASEMENTS

409

An easement is a right to use real property for a specific, defined purpose. The holder of the easement may not use the subject property for any purpose except as is expressly granted in the easement document.

Examples of commonly granted easements are:

- Rights of way for utility purposes, granted to public utility companies
- Street dedications or corner cuts, granted to governmental bodies
- Sewer or storm drain rights of way, granted either to neighbors or to public agencies.

AUTHORITY

The acquisition of an easement by a parish across property owned by others is considered to be and should be handled as a purchase of property.

The granting of an easement across parish property to a third party requires the written approval of the Pastor and the Diocesan Bishop via the assistance of the Chief Financial Officer as set forth in the following section 409.2

APPROVAL AND IMPLEMENTATION PROCESS

Parish Initiated Easement Request. In most instances, action initiated by the parish triggers the request for an easement. For example, the parish wants to build a new building and the power company asks for an easement in order to install electrical service to the new facility; or the City or County requests a corner cut as is now common practice but which was not required when the original parish structures were built. In these instances, the easement(s) will normally be granted and no payment will be sought, the furnishing of power or the granting of the building permit, as the case may be, being the desired compensation to the parish for the easement right(s) to be granted. The Pastor and the diocese will each satisfy themselves that the specific easement requested will not materially interfere with the present or future use of the parish property across which it is to be granted. Upon receipt of the Pastor's letter of recommendation, the diocese will review and approve the form of the easement document and will see that it is properly revised, if necessary, signed, acknowledged and returned to the easement holder, with a copy being maintained with the parish's property records at the Diocesan Finance Office.

Easement Requested by a Third Party. Sometimes an easement across parish property is sought by a utility company to serve a neighboring property, or is sought by a neighbor as the most economical way of developing or using his property. For example, it might be cheaper for the telephone company to cross parish property than to go a longer distance around in order to bring new telephone service to some neighbor, or a neighbor may want to run his new sewer line downhill through parish property instead of installing a more costly pumping station to make his sewage go uphill over his own land. In these instances, compensation satisfactory to the Pastor and to the Diocesan Bishop must be paid to the parish in order for the easement to be approved and granted. In addition, both the Pastor and the diocese must each satisfy themselves that the specific easement requested will not materially interfere with the present or future use of the parish property across which it is to be granted. Upon receipt of the Pastor's letter of recommendation, the diocese will, subject to the final approval of the Pastor, assist in the negotiation of compensation for and the conditions of the requested easement, will review and approve the form of the easement document and will see that such document is properly revised, if necessary, signed, acknowledged and, in exchange for the agreed payment, given to the easement holder with a copy being maintained with the parish's property records in the Diocesan Finance Office. The payment for the easement when received will normally belong entirely to the parish.

GIFTS OF REAL PROPERTY

It sometimes happens that a parishioner or other benefactor, either at the current time or in the future through his or her estate, wishes to give real property to a parish in lieu of or in addition to a cash gift. Gifts of real property are to be encouraged. However, gifts of real property should not be accepted without

first obtaining the written approval of the diocese. Acquisition of real property, even if by gift, can be a very complex transaction. A gift of real estate should be approached in the same way as a purchase, i.e. with thorough investigation and understanding of the relevant issues and with the assistance of those with appropriate expertise. Items to be addressed include:

- Estimated value of the property
- Amount of existing debt or encumbrance on the property
- Condition of legal title (e.g. recorded deed restrictions, development agreements, etc.)
- Location of the property i.e. liability to manage and/or sell the asset
- Environmental condition of the property i.e. hazardous waste, wetlands, etc.
- Ingress/egress of the property
- Access to utilities and nature of utilities available to property
- Conditions and restrictions placed upon the gift by the donor

If you are offered a gift of real property, please contact the Diocesan Finance Office before making an acceptance of the gift. They can help you to make sure that the gift is not a liability.

All real property accepted, should have title taken as follows, "Roman Catholic Bishop of Sacramento, a corporation sole."

PROPERTY TAX BILLS AND EXEMPTIONS

411

PROPERTY TAXES

411.1

THE PARISH

- Pays the property taxes due on parish property
- Provides information to facilitate the filing for property tax exemptions on parish property

The Diocese assists the parish in understanding the property tax and exemption requirements applicable to the parish, and maintains exemption records for accounting and reporting purposes.

The parish is **not** exempt from all property taxes. The County bills each parish for the applicable amounts due which are then paid in two installments.

The County mails the property tax bills on October 15. Since the first installment payment does not become delinquent until after December 10, there is plenty of time for the parish to verify that a bill has been received for each parcel and that each bill shows the appropriate exemption, if applicable. Exemptions are allowed on the General Tax on property used for religious and education purposes. However, none of our property is exempt from the Voted Indebtedness and Direct Assessments taxes shown on each bill.

Additionally, if the parish is leasing equipment they may receive a Personal Property Tax bill. If the

equipment is “leased to purchase”, a bill will be sent from the County. If it is simply leased equipment, a bill will be received from the leasing company.

MISSING BILLS

411.2

If bills for any of the parcels of parish or school property are not received, please notify the County Assessors Office and the missing bills will be secured for you. It may take 4 to 6 weeks to obtain the missing bill and they may show a different due date for the first installment.

ASSESSOR'S ID NUMBER

411.3

In any correspondence regarding a County tax bill problem, either with the County Assessor or with the Diocese, please use the identification number shown on the bill. This number consists of the “Map Book” number, the “Page” number and the “Parcel” number, and appears in three places on the tax bill.

PAYMENT

411.4

The first installment of each bill becomes delinquent if not paid on December 10 or before, and must be postmarked no later than 5:00p.m on this date, or a penalty will be incurred.

The second installment of each bill becomes delinquent if not paid on or before April 10, and must be postmarked no later than 5:00p.m. on this date, or a penalty will be incurred.

SUPPLEMENTAL TAX BILLS

411.5

When a parish purchases a new parcel or completes new construction, a notice of Assessed Value Change from the County Assessor will be issued. Additionally, a Supplemental Tax Bill for the cost of the new parcel, or a bill reflecting the increase in value caused by the new construction, will reach you a few months after the purchase or completion of the addition. The bill may have a different due date on each installment, or it may coincide with the regular April and December dates. This bill is payable over and above your regular tax bill on that parcel for that year.

Please call the Diocesan Finance Office if assistance is needed with completion and filing of the appropriate exemption claim form within the required 30 days from the date of mailing of the Supplemental Tax Bill.

FILING FOR PROPERTY TAX EXEMPTION

412

Each year the parish must file with the county for exemption from property taxes for schools, convents, libraries, and other properties covered under the Diocese of Sacramento. The Diocese of Sacramento will file the Welfare Exemption Form for all parishes and properties. For other exempt properties, either the Religious Exemption or Church Exemption is filed by the Pastor.

WELFARE EXEMPTION CLAIMS

Welfare Exemptions are given by the California Legislature to exempt property used exclusively for religious... or charitable purposes, and held in trust by nonprofit organizations operating for those purposes. Parish rectories and convents are covered by this exemption. Welfare Exemption Claims are processed by Kathy Daniels of the Diocesan Finance Office. If you receive a Welfare Exemption Claim form from the county, please send them to Kathy as soon as possible.

RELIGIOUS EXEMPTION: CHURCH

The Religious Exemption form is sent to the parish by the County Assessor. If this form is being filed for the first time, the full Claim form must be completed on both sides and returned directly to the Assessor's Office. If this is a subsequent filing, then a letter and form with a detachable stub is sent to the parish, and only the stub needs to be completed and returned.

The Religious Exemption form covers only property in the name of The Roman Catholic Bishop of Sacramento, a corporation sole. This includes the church, church parking lots, school and the hall.

CHURCH EXEMPTIONS

Church Exemption forms are used when a church does not own the property where their church activities are taking place. This form is completed by the parish and returned directly to the County Assessors Office. If there are any questions concerning the form, please contact the Finance Office for assistance.

FOR SPECIFIC QUESTIONS OR FURTHER INFORMATION, CONTACT:**Regarding property taxes or exemptions:**

Kathy Daniels, *Finance Department*
Diocese of Sacramento
2110 Broadway
Sacramento, CA 95818-2541
916.733.0277
916.733.0295 Fax

Regarding any other real estate matter:

Tom McNamara, *Chief Financial Officer*
Diocese of Sacramento
2110 Broadway
Sacramento, CA 95818-2541
916.733.0277
916.733.0295 Fax

Sacramento County Office of The Assessor Forms

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MEMORANDUM

TO: All Parishes/Agencies filing Welfare Exemption Claims

DATE: Current Year



Happy New Year to all of you.

*The filing date for all Exemptions this year, is current due date. If you should receive a **Welfare Exemption Claim Form** from your County please send them to my attention at the Pastoral Center as soon as possible.*

If there has been any property bought or sold or any new buildings constructed (or currently under construction) at the parish or agency during the past year, please call me at 916-733-0277 so we can file the correct claim to get an exemption. This is important - otherwise you will have to pay the taxes and wait for a reimbursement from the County, which could be a lengthy process.

RELIGIOUS Exemption Forms or CHURCH Exemption Forms should be completed by the Parish and returned directly to the County. If you have any questions regarding forms you receive call me at the Finance Office, 916-733-0277.

I look forward to talking to you soon.

Sincerely,

Kathy Daniels

Sacramento County Office of The Assessor Form
Church Exemption

For current version of this form go to www.saccounty.net/assessor

Sacramento County Office of The Assessor Form
Religious Exemption

For current version of this form go to www.saccounty.net/assessor

Sacramento County Office of The Assessor Form
Criteria For the Welfare Exemption

This form is specific for Sacramento City. Please call 916-875-0720 for this information.

SECTION 450

Financing New Parishes

Financing New Parishes

A new parish is established by combining parts of existing parishes into a new parish or a wholly new geographical area is chosen.

The Diocese of Sacramento maintains a New Parish Fund which is designated by the Diocesan Bishop for the purpose of setting aside resources to assist in the development of new parishes. The New Parish Fund is funded primarily from diocesan excess operating revenues and donations made as part of the Annual Catholic Appeal.

Once a parish is created by the Diocesan Bishop, assistance to the new parish is as follows:

1. Suitable property is donated by the Diocese to the Parish. This includes all costs of acquisition. The new parish is responsible for any ongoing costs associated with the property, including special assessments, property taxes, the cost of developing parish facilities including all onsite and offsite improvements, and building hard and soft costs.
2. A one time gift of start-up cash of \$100,000 is provided to be used as needed to fund start up activities of the new parish.
3. Adjacent parishes to the newly established parish are referred to as Parent Parishes. It is a long-standing Diocesan policy that Parent Parishes have been asked to give financial assistance at the time of the establishment of a new parish. This financial contribution has been an important support to the new community by members of established adjacent communities.

All amounts paid toward this commitment by the Parent Parish will be deducted from the Parent Parish's offertory total before computing the Parent Parish's annual offertory assessment to the Diocese. The net effect of this is that a percentage of the money donated by the Parent Parish to the new parish will be reimbursed to the Parent Parish via the discounted offertory assessment.

4. The Parochial Fund Inc. gives preferential treatment to new parishes by extending loans with exceptions from the normal underwriting guidelines, for example, loan terms in excess of the ten year standard and loan to cost ratios in excess of the normal 40% maximum.
5. New parishes are granted a five-year phase-in to the diocesan assessment schedule. Whatever is the normal end of year offertory assessment for the new parish it is assessed 20% of this amount in the first year, 40% the second year, 60% the third, 80% the fourth and 100% in the fifth year.

Planning a facility for a new parish is accomplished by completing a Master Site Plan. This process is described in Section 300 of this handbook. Please refer to this section prior to planning any capital projects.

Section 500

Insurance and Risk Management



“Blessed are the pure in heart,
For they shall see God.”

500 INSURANCE AND RISK MANAGEMENT

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SECTION 501

The Diocesan Self-Insurance Program

The Diocesan Self-Insurance Program

PURPOSE

The purpose of the Diocesan Self-Insurance Program is to provide an efficient and cost effective means of providing the parishes, schools, agencies, and central administrative offices (“Insured Entities”) of the diocese with necessary insurance coverages at appropriate limits of coverage.

ADMINISTRATION

The Diocesan Self-Insurance Program is administered by the Diocesan Finance Office with the assistance of various third-party insurance professionals that provide brokerage services, claims administration services, loss prevention services, legal services, and investment management services. Administration of the Diocesan Self-Insurance Program is monitored by the Diocesan Finance Council and the Diocesan Bishop. The financial operation of the Program is maintained in the Diocesan Insurance Fund (the “Fund”), a Temporarily Restricted Fund of the Central Administrative Offices of the Diocese of Sacramento.

INSURANCE COVERAGES

PROPERTY INSURANCE

All parish, school, agency, and diocesan real and business property is insured against normal property losses such as fire, theft, and vandalism at replacement cost value. The insured entity’s deductible is \$1,500 per occurrence. The Program’s insurance policy deductible is \$100,000 per occurrence. The difference between the insured entity’s deductible and the Program’s insurance policy deductible is self-insured by the Fund.

Additional property coverages include catastrophic coverage for flood and earthquake. These coverages include annual aggregate limits that are shared with two other dioceses. The deductible for these coverages is substantial since this is catastrophic coverage.

The Diocesan Insurance Program also covers auto physical damage to diocesan owned vehicles as a self-insured coverage. The insured entity’s deductible is \$1,000 per claim.

LIABILITY INSURANCE-

All parishes, schools, agencies, and the central administrative offices of the diocese are insured against liability losses through the Catholic Mutual Group. The Catholic Mutual is owned by its insured participants who consist of approximately 130 Catholic dioceses in North America and over 200 religious orders. The Catholic Mutual provides liability coverages, including general liability, auto liability, errors and omissions liability (including directors and officers liability), employment related practices, sexual misconduct liability, medical payments and uninsured/underinsured motorist. There is no deductible for most coverages.

WORKERS COMPENSATION

All lay employees of the parishes, schools, agencies, and the central administrative offices of the diocese are insured for work place injuries through the workers compensation insurance program. The diocesan

Self-Insurance Program retains the first \$500,000 of each claim and excess insurance coverage is purchased by the Fund for amounts in excess of this self-insured retention amount. Generally, there is no insured entity deductible for workers compensation coverages.

This workers compensation self-insurance program operates with the approval of and under the oversight of the State of California, Department of Industrial Relations. A full report is provided to the State of California annually and a claims audit is performed by the State once every three years.

UNEMPLOYMENT INSURANCE

All lay employees of the parishes, schools, agencies, and the central administrative offices of the diocese are insured for unemployment benefits consistent with the benefit guidelines as determined by the State of California. This coverage is fully self-insured by the Diocesan Self-Insurance Fund and there are generally no insured entity deductibles.

CLAIMS ADMINISTRATION

The Diocesan Self-Insurance Program provides for claims administration by third party professionals.

- Property claims are administered by Catholic Mutual, Telephone 800.228.6188.
- Workers Compensation claims are administered by LWP Claims Solutions Inc., PO Box 349016, Sacramento, California 95834-9016, Attn: Stacey Beane at 916.609.3611, Fax 408.725.0395..

LOSS PREVENTION PROGRAM

The Diocesan Insurance Program has contracted with Catholic Mutual to perform safety inspections of all insured sites within the diocese at least once every three years. On-site inspections are followed by a written report of findings and recommendations to the insured entity. A formal response to the recommendations is requested from the insured entity in writing within 90 days of receipt.

In addition, Catholic Mutual provides various workshops on loss prevention/safety on an as needed basis.

LOSS CONTROL COMMITTEE

In order to maintain the self insurance program each parish and school, maintains local loss control committees. Working in conjunction with the on-site administrator, principal or pastor or their delegate, it is their responsibility to monitor facilities and events and ensure that they are operational within the safest possible conditions. The most important work of this committee is to develop a consciousness of safety among all members of the parish and school community.

The Diocese of Sacramento has developed and distributed an Insurance Loss Prevention Program Handbook to be used by these committees entitled: *Guidelines For Parish And School Operations*. This handbook provides guidelines for protecting individuals and properties from injury or loss and includes an appendix with all necessary forms for reporting accidents.

Additionally, the Office of Lay Personnel of the Diocese of Sacramento published and distributed to

all parishes and schools in the spring of 2003 an administrative manual with directives and forms in sections 9, 10 and 11 appropriate for the Injury and Illness Prevention Program, Workers' Compensation Procedure Manual and Property & Liability.

Establishment of loss prevention committees that effectively prevent losses and build safe environments for all to enjoy, also contribute to maintaining a self-insured liability insurance program which greatly reduces costs to each parish and the Diocese of Sacramento. Sky-rocketing liability costs affect all members of our Diocese. The success of each entity to work safely and provide a safe environment for others will directly assist all. Accidents will be minimized, liability insurance costs minimized and scarce financial resources made available to accomplish other important work of the parish and school.

INSURANCE PREMIUMS

Each year the total cost of the Diocesan Self-Insurance Program is determined and set forth in a formal budget that is approved by the Diocesan Finance Council. The total cost of the Program is then allocated to the various insured entities in the diocese based upon relative exposure by type of coverage.

Premium invoices are sent to the insured entities in approximately July/August of each year. Payment is due upon receipt or 1/12th per month over the course of the fiscal year. Prior to receiving the invoice for the fiscal year premium, insured entities are to make payments in both July and August based upon budgeted amounts for the fiscal year. Once the actual invoice is received, then the monthly payment amount is adjusted so that the full amount of the invoice is paid by the end of the fiscal year.

REGISTRATION OF PARISH/SCHOOL VEHICLES

All parish/school owned vehicles are to be registered to the individual Parish Corporation Sole as legal owner. When any vehicle is newly acquired, replaced, or sold, immediately notify: Catholic Mutual, Telephone 800.228.6188 and the Finance Department at the Diocese.

SECTION 502

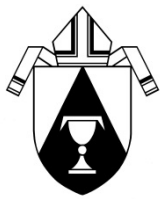
Insurance Quick Reference Guides

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DIOCESE OF SACRAMENTO

2110 Broadway • Sacramento, California 95818 • 916/733-0277 • Fax 916/733-0295

Insurance Quick Reference Guide For Accidents and Injury (Non Employee) Or Damage to Property

- In case of an accident and/or injury to visitors, students, parishioners, or other outside parties or damage to property under the Diocese of Sacramento's Insurance program:
 - Obtain emergency assistance, if necessary (call 911 for paramedics, ambulance, fire, or police).
 - Take action to protect life and/or minimize property damage by restricting access to a hazardous area and by immediately addressing emergency repairs or clean up.
 - Take photos of area where injury occurred and/or of the damaged property. Make sure to provide the date and time that the photo was taken and by whom.
 - **Do not** make statements regarding the fault or liability when an accident occurs.
 - Complete the **Incident Reporting Form** (Property Loss Report) downloadable at <https://www.scd.org/property-loss-report>
 - All insurance forms for all parish activities, losses, and protections are downloadable at the following link: <https://www.scd.org/church-forms>
 - Assistance and forms are also available directly from Catholic Mutual at:
800.228.6108, Ext. 2364 for Broc Blanchard, Member Services (questions/requests for special events, coverage or proof of insurance/certificates of coverage) or Ext. 2416 for Dennis Damm, Claims (manages claims handling or questions)
or
(909) 886-6001, to reach the California Regional Office to speak with Lisa Namnath, Sacramento Loss Control Representative, for risk questions or Tammy Brinkerhoff, Regional Manager
 - Send a copy of **all** incident reports to:
- If you are served with a **Summons and Complaint or a subpoena**, immediately fax copies and explanation to Greene & Roberts and to the Pastoral Center.

Greene, & Roberts
455 Capitol Mall, Suite 405
Sacramento, CA 95814
Phone: 916.753.1300
Fax: 916.753.1333

These instructions **do not** apply for **Workers' Compensation** claims (injuries to Diocesan employees). Workers' Compensation claims for all locations must be reported immediately to: (See Workers' Compensation Procedure Manual)

LWP Claims Solutions, Inc.
Victoria Constanzo
Phone: 916.609.3665
Fax: 408.725.0395

Required Coverage for a Priest Using His Own Vehicle for Ministry

1. In addition to your name and where possible include, The Roman Catholic Bishop of Sacramento, a Corporation Sole as an additional insured.
2. Coverage must meet, or exceed the following amounts:

Bodily injury/property damage (per accident)	\$500,000
Medical payments	\$25,000
Uninsured motorist bodily injury	\$100,000
Uninsured motorist property injury	\$100,000

Comprehension and collision for the value of the vehicle.

Construction/Renovation Projects Insurance/Bond Requirements

The following pages are provided to all contractors and bidders of new construction and renovation projects in the Diocese of Sacramento. These documents may be downloaded by all bidders who submit bids for construction in the Diocese. A sample completed Certificate of Liability Insurance is provided as a template to use in completion of this form. Any questions about this process or these forms should be directed to Bob Massa, Construction Consultant for the Diocese of Sacramento at 916.733.0277.

Insurance Requirements for Independent Contractors Working in Parishes for the Diocese of Sacramento

The following guidelines are required minimums prior to the employment of any independent contractor in a parish or school for the Diocese of Sacramento. These guidelines include the minimum limits of insurance and specific contract language for indemnity/hold harmless and insurance provisions. In some events these limits may be higher depending upon the scope and size of the service. The insurance provision provides the detail for the evidence of insurance that each contractor is required to produce to verify the insurance to properly protect the diocese. Parishes, schools and all entities under the auspices of the Diocese of Sacramento must verify that these requirements are in place prior to signing of contracts or allowing any vendor to provide service or goods.

The following is a sample of recommended contract language that must be included in all contracts for goods and services or as an addendum to all contracts before it is signed.

The contractor shall be responsible for all injury (including death resulting there from) or damage of any kind resulting from the operations described in this agreement, to persons or property of the Diocese of Sacramento and _____ Parish. In addition to the liability assumed hereunder, the Contractor assumes the obligation to hold harmless and to indemnify the Owner, its officers, directors, partners, employees, and agents from and against any all claims for loss, costs, liabilities, liens, and attorneys' fees arising out of or through injury or death to any person or persons, or damage to property, or of any place in which work is located, arising out of or suffered through any act or omission of the Contractor or any Subcontractor, or anyone directly or indirectly employed by or under the supervision of any of them in the performance or non performance of the operations described in this agreement.

Contractor at its cost shall purchase and maintain Commercial General Liability and Comprehensive Automobile Liability in an amount not less than \$1,000,000 per occurrence and \$2,000,000 general aggregate combined single limit of bodily injury and property damage liability. Such insurance shall provide protection against claims resulting from bodily injury and/or property damage arising out of the operations performed on behalf of the owner by the Contractor, and shall include Personal Injury Liability, Blanket Contractual Liability, Broad Form Property Damage (including completed operations), and Products and Completed Operations Liability and Automobile Liability. Such coverage shall include Owner, its officers, directors, partners, employees, and agents as additional insureds. The policy shall be endorsed to state that the Contractor's insurance shall be primary and that any insurance maintained by the owner shall be excess. Liability insurance shall be written to cover all claims incurred during the term of this contract or out of any work performed pursuant to the contract, regardless of when such claim shall be first made against Owner and/or Contractor.

Contractor shall maintain Workers' Compensation insurance as required by the statutes of the State of California.

Additionally, all required policies shall contain an endorsement specifically recognizing the liability assumed under this agreement and which also requires thirty (30) days prior written to OWNER of cancellation or material change in coverage therein.

Any audit of these guidelines includes:

1. A review of the contract to verify that it includes the required language;
2. A review of the certificate of insurance and the additional insured endorsement, and any other endorsement attached thereto, to confirm that the required coverage, limits and policy provisions are in compliance with Diocesan policy.

DIOCESE OF SACRAMENTO**Construction/Renovation Projects Insurance/Bond Requirements**

Certificates of Insurance are required from all contractors, subcontractors and architect/engineers for all projects which costs exceed \$15,000.

COVERAGE REQUIRED

1. Liability Insurance against claims for injuries to persons and damage to property.
2. Workers Compensation Insurance against claims for injuries to employees.
3. Builders Risk Insurance for “all risk” coverage and loss to the property under construction, preferably written by contractor naming owners and contractors interest for the completed value.
4. Professional Liability for architect/engineers errors and omissions.
5. Bid Bonds to assure that the contractor is qualified to furnish Final Bond for the sum bid and in accordance with specifications.
6. Performance Bond to assure the contractor completes the contract in accordance with its terms.
7. Labor and Materials Payment Bond to assure that claims for labor and materials are paid and subcontractors are paid.
8. Subcontractor Bond to assure that the subcontractor faithfully performs the work contracted to be performed.

Details of the recommended standards and the necessary forms to be completed are enclosed herewith. These standards and instructions should be included in architect or engineer’s contract with owner Roman Catholic Bishop of Sacramento, a Corporation Sole, henceforth identified as (RCB) and should be a part of bid specifications.

Recommended Standards for Insurance and Bonds**I. INSURANCE****A. LIABILITY**

The contractor is to procure and maintain for the duration of the contract, liability insurance against claims for injuries to persons and damage to property which arise from or are connected with the performance of the work by the contractor, his employees, representatives, agents or subcontractors. The specifications for the required liability insurance are as follows:

1. Coverage scope is to be at least as broad as ISO Commercial General Liability form CG 0001 1185 (Occurrence Form) for the general liability exposures.
2. For the automobile liability exposures, coverage scope is to be at least as broad as ISO Business Automobile Liability form CA 001 0187, Code 1 (Any Auto) including Endorsement CA 0029 1288 (Changes in Business Auto and Truckers coverage forms – Insured Contract).

B. WORKERS' COMPENSATION

The contractor is to procure and maintain for the duration of the contract Workers' Compensation insurance against claims for injuries to the contractor's employees in accordance with such insurance as required by the State of California Labor Code and Employers Liability coverage.

C. BUILDERS RISK

The contractor is to procure and maintain for the duration of the contract and until acceptance by the RCB property damage insurance for loss or damage to the property under construction/renovation. This should be written for all risks of physical loss or damage, including/excluding earthquake and flood, and protect the owner's and contractor's interests.

D. PROFESSIONAL LIABILITY

Architects/Engineers are to procure and maintain for the duration of the contract and for a period of 3 years after the completion of the construction/renovation, professional (errors and omissions) liability insurance to indemnify and defend claims brought based upon error or omission in design and specification of the project.

In addition to the aforementioned requirements, the policies need to include certain provisions as follows:

1. Liability insurance policies (excluding Professional) are to be endorsed to include as insureds; the Roman Catholic Bishop of Sacramento (RCB), his employees, agents and volunteers for liabilities arising out of the activities performed by or on behalf of the Contractor, products and completed operations of the Contractor; premises owned, occupied or used by the Contractor; or automobiles owned, leased, hired or borrowed by the Contractor. The coverages may not involve any limitations on the scope of protection afforded to the RCB, his employees, agents or volunteers which are afforded to the Contractor.

2. The contractor's insurance coverages are to be primary and non-contributing as respects any insurance or self-insurance maintained by the RCB, his employees, agents and volunteers.
3. Any failure to comply with any of the insurer's requirements by the Contractor in these policies is not to affect coverage afforded to the RCB, his employees, agents or volunteers.
4. The contractor's insurance is to apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurers limit of liability.

Further, any aggregate limits (general, products and completed operations, personal injury) on the contractor's policies are to apply separately to the project/location or the general aggregated limit is to be twice the required occurrence limit.

5. Each policy is to be endorsed so that the coverage will not be suspended, voided or canceled by either the insurer or the insured, or reduced in coverage or limits except after 30 days prior written notice by certified mail, return receipt requested, has been given to the RCB
6. As respects Workers' Compensation and Employers Liability coverage the insured is to waive all rights of subrogation against the RCB, his employees, agents and volunteers for losses arising from work performed for the RCB by the contractor.
7. Any deductibles or self-insured retentions must be declared to and approved by the Roman Catholic Diocese of Sacramento (RCB). At the option of the RCB either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the RCB, his employees, agents and volunteers, or the contractor shall procure a bond guaranteeing payment of losses, claims, administration and related investigation and defense expenses to which such deductibles or self-insured retentions apply.
8. The policies of insurance are to be underwritten by insurers acceptable to the RCB.
9. The contractor is to furnish the RCB with certificates of insurance and original endorsements (where appropriate) effecting the coverages, provisions required herein. These are to be signed by a person authorized by the insurer to bind coverage on its behalf. The certificates and endorsements are to be on forms acceptable to the RCB (see attached exhibits). All certificates and endorsements are to be received and approved by the RCB before work commences. The RCB reserves the right to require complete, certified copies of all required insurance policies at anytime.
10. The contractor shall include all subcontractors on the project as insureds under his policies or shall have the subcontractors furnish separate certificates and endorsements for each subcontractor. Such will be subject to all the requirements detailed above.

11. The minimum limits for all policies are:

General Liability	\$2,000,000 Each Loss Per Occurrence See Subparagraph 4 above
Automobile Liability	\$1,000,000 Each Loss Per Occurrence See Subparagraph 4 above
Workers' Compensation	Statutory for Coverage A \$1,000,000 for Coverage B Employers Liability Per Accident
Builders Risk	Completed Value of the Project/Location
Professional Liability	\$1,000,000 Per Claim

II. BONDS

Bidders are to furnish bid bonds along with their proposals to do the work in accordance with the projects' specifications. The amount of such bond is a minimum of 5% of the bid submitted. Once the job is awarded, performance and payment bonds shall be submitted in an amount equal to the total contract price.

III. INDEMNITY

The contractor is to execute the Hold Harmless and Indemnification agreement as per the form below (*see Exhibit*).

Hold Harmless and Indemnification Agreement

Re: (Job/Project) _____

(Contractor) shall save, keep and hold harmless the Roman Catholic Bishop of Sacramento, a Corporation Sole, and Pastor of _____ Parish, a Corporation Sole, and their employees, agents and volunteers from all damages, costs and expenses in law or equity that may at any time arise or be set up because of personal injury or damage to property received by reason of or in the course of performing work in the project named above, which may be occasioned by any willful or negligent act or omission of the Contractor, any of the Contractor's employees or agents, or any subcontractor. The Roman Catholic Bishop of Sacramento, a Corporation Sole, nor Pastor of _____ Parish, a Corporation Sole will not be held liable for any accident, loss or damage to the work prior to its completion and acceptance.

Certificate of Insurance Requirements

The “mock up” certificate of insurance below is illustrative of those criteria which are detailed in the Standards for Insurance in construction/renovation projects and is for your use in evaluating the certificates you receive in such projects from the contractors who are to perform the work. Each point is explained as follows:

1. The issue date of the certificate.
2. The agent/broker who issued the certificate. This is not the insurance carrier however. (See #4 below for that information).
3. The contractor (Insured) and his address is to be shown here. It should be the contractor who is doing the work.
4. Companies affording coverage: The insurer(s) who issued the policy(ies) evidenced by the certificate is shown here. Different coverages evidenced by the certificate may be provided by different insurers and may be in more than one certificate. The letters A, B, C, etc. to the left of the insurers shown correspond to the letters shown in the “Co Ltr” boxes on the left margin of the certificate and shows which carrier(s) is providing which coverage.
5. The various types of coverages evidenced in the certificate are shown under the “Type of Insurance” section. They are General and Automobile Liability, Workers’ Compensation and Builders Risk coverages. The X’s and other inserted information agree with the requirements in our specification. In the General Liability section, only the “occurrence” block should be X’d. **Claims Made is not acceptable.**
6. Shows the policy number. All policies have identifying policy numbers. The number shown must match the policy numbers shown on the additional insured and waiver of subrogation endorsements you receive along with the certificate.
- 7, 8 These show the beginning and end dates of the policies. The duration of the job must be within these dates. If not, another certificate and endorsement needs to be issued to show coverage exists for the full duration of the job until acceptance.
9. This section provides the limits of coverage (in thousands). Our “mock up” shows the minimum acceptable account. A higher limit is okay, but lower limits are to be rejected and the certificate needs to be reissued showing the minimum. If the General and Automobile Liability sections do not show minimum limits required, see if the Excess Liability has been completed. The two summed should equal at least the required minimum.
10. In this section the job should be described. The Roman Catholic Bishop of Sacramento, a Corporation Sole, and the Pastor of _____ Parish, a Corporation Sole, needs to be shown as “Additional Insured” for the liability coverages evidenced and these coverages are to be primary for liability claims which may result from the performance of the work. Further, the diocesan insurance is to be non-contributory for claims which arise from the work. Finally, a “Waiver of Subrogation” in favor of the Roman Catholic Bishop, a Corporation Sole, and the Pastor of _____ parish, a Corporation Sole, is to be shown on the certificate along with an endorsement stating such to the contractor’s Workers’ Compensation policy.

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11. The name and address of your location, or the Roman Catholic Bishop, a Corporation Sole, needs to be shown in the certificate holder section.
 12. VERY IMPORTANT – the deletions by X'ing out in the cancellation need to be made. If not, have them re-issue.
 13. Needs to be signed by an individual authorized to issue certificates on behalf of the insurer.

FINAL NOTE

The certificate by itself is not a legal document. See the wording on the top right immediately above the “Companies Affording Coverage” section. This is why the additional insured and waiver of subrogation endorsements to the liability and workers’ compensation policies respectively are required.

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

PRODUCER

Contractor's Agent or Broker
Name and Address

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

NAIC #

INSURED

Contractor's Name and Address

INSURER A:

INSURER B:

INSURER C:

INSURER D:

INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC				EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 1,000,000 FIRE DAMAGE (Any one fire) \$ 50,000
AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE RETENTION \$	An entry is required if the limits for A or B above don't meet the minimums. If the sum of both meet the minimum it is acceptable.			EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	Coverage includes Waiver of Subrogation in favor of the Roman Catholic Bishop of Sacramento.			WC STATUTORY LIMITS E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
OTHER All Risk Builders Risk Owners Interest Included				Completed Value form. The amount should be equal to the contract amount.

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Roman Catholic Bishop of Sacramento is an additional insured for the liability coverage evidenced for claims arising out of the work required in the contract. This insurance is primary and any insurance or self insurance maintained by the RCB is non-contributory.

CERTIFICATE HOLDER

Roman Catholic Bishop of Sacramento, a
Corporation Sole
2110 Broadway
Sacramento, CA 95818

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL BY FIRST CLASS MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT. NO CANCELLATION SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER OR ITS AGENTS OR REPRESENTATIVES.
AUTHORIZED REPRESENTATIVE

ACORD 25 (2001/08)

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IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY
INSURANCE POLICY****WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT – CALIFORNIA**

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

You must maintain payroll records accurately segregating the remuneration of your employees while engaged in the work described in the Schedule.

The additional premium for this endorsement shall be _____% of the California workers' compensation premium otherwise due on such remuneration.

SCHEDULE**Person or Organization****Job Description**

The Roman Catholic Bishop of Sacramento, a Corporation Sole
Pastor of _____ a Corporation Sole

Notes:

1. This endorsement may be used to waive the company's right of subrogation against named third parties who may be responsible for an injury.
2. The sentence in () is optional with the company. It limits the endorsement to apply only to specific jobs of the insured, and only to the extent that the insured is required to obtain this waiver.
3. The premium charge shall be no less than 5% of the California workers' compensation premium otherwise due.

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy)

Endorsement effective _____	Policy # _____	Endorsement # _____
Insured: _____	Insurance Company: _____	
	Countersigned By: _____	

(All blanks are to be filled in and appropriate to the job.)

POLICY NUMBER:

**COMMERCIAL GENERAL LIABILITY
CG 20 10 10 93**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES or CONTRACTORS FORM B

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization:

Roman Catholic Bishop of
Sacramento a Corporation Sole
2110 Broadway #277
Sacramento, CA 95818

Parish_____ a Corporation Sole

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of your ongoing operations performed for that insured.

PRIMARY INSURANCE:

IT IS UNDERSTOOD AND AGREED THAT THIS INSURANCE IS PRIMARY AND ANY OTHER INSURANCE MAINTAINED BY THE ADDITIONAL INSURED SHALL BE EXCESS ONLY AND NOT CONTRIBUTING WITH THIS INSURANCE.

SEVERABILITY OF INTEREST:

IT IS AGREED THAT THE ABOVE POLICY CONTAINS A STANDARD CROSS LIABILITY OR SEVERABILITY OF INTEREST CLAUSE.

AS RESPECTS LIABILITY, IT IS AGREED THAT ALL RIGHT OF SUBROGATION IS HEREBY WAIVED UNDER SUCH INSURANCE POLICY AS RESPECTS THE ADDITIONAL INSURED AS IDENTIFIED IN THIS ENDORSEMENT.

CG 20 10 10 93

The Catholic Foundation of the Diocese of Sacramento, Inc.



“Blessed are the merciful,
For they shall obtain mercy.”

600

**THE CATHOLIC FOUNDATION
OF THE DIOCESE OF SACRAMENTO, INC.**

The Catholic Foundation of the Diocese of Sacramento, Inc.**ORGANIZATION**

The Catholic Foundation of the Diocese of Sacramento, Inc. is a California Nonprofit Religious Corporation organized as a supporting organization to the Roman Catholic Bishop of Sacramento, a California Corporation Sole, within the meaning of Internal Revenue Code section 509(a)(3).

PURPOSE

As a "supporting organization" to the various ministries of the Roman Catholic Bishop of Sacramento and the 102 parishes that comprise the Diocese of Sacramento, the Catholic Foundation serves as an expert resource and service provider in the areas of: Trustee for Parish Perpetual Endowments, Other Perpetual Endowments, and Donor Restricted Funds; Parish Stewardship Programs; Electronic Giving; Parish Capital Campaigns; Planned Giving; Annual Catholic Appeal; Diocesan Capital Campaigns; Bishop's Special Events; and Donor Relations.

GOVERNANCE

The Board of Directors of The Catholic Foundation have the fiduciary responsibility for administering the assets and liabilities of the organization. The Catholic Foundation has contracted with the Diocese of Sacramento as a third party provider of day to day management services including all development activities; accounting and reporting services; cash management services; and investment oversights.

PARISH FOUNDATION ENDOWMENT TRUST FUNDS

Each participating parish has formally established, via a standard charter document, a Parish Foundation Endowment Trust Fund that exists within The Catholic Foundation. The individual Parish Foundation Endowment Trust Funds exist as civil law trusts and as autonomous pious foundations established in accordance with the provisions of canon law.

The individual Parish Foundation Endowment Trust Funds have been established solely to perpetuate, support, and uphold the work of the individual parishes, including their parochial school, if applicable. The Parish Foundation Endowment Trust Funds are administered by the pastor with the assistance of a board of trustees in accordance with formal standard bylaws adopted by each parish.

The Catholic Foundation holds these parish funds in trust.

INVESTMENT OF FUNDS HELD IN TRUST

Although a separate accounting is maintained for each account held by The Catholic Foundation, the monies are commingled for purposes of investment. The investment of funds is guided by a Formal Investment Policy Statement that has been adopted by the Board of Directors of the organization.

The goals of the investment structure employed by The Catholic Foundation include:

1. allowing parishes involvement in asset allocation decisions;

2. maximizing return while limiting the associated risk to a reasonable and acceptable level through adequate diversification of investments and the employment of quality third-party investment management professionals; and
3. socially responsible investing consistent with the USCCB guidelines for Socially Responsible Investing.

For more information regarding the investment of funds by The Catholic Foundation, please call The Catholic Foundation Office at 916.733.0266.

DEPOSITS TO ENDOWMENT ACCOUNTS

Deposits to parish endowment accounts held by the organization should be made payable to “The Catholic Foundation”, and should be mailed to P.O. Box 189666, Sacramento, California 95818.

Only those monies permanently restricted by a donor (i.e. with the restriction that only the earnings may be used by the parish and not the principal) may be deposited into a parish endowment account. Proceeds from a fund-raising event that is specifically and adequately advertised as benefitting the parish endowment would qualify as permanently restricted funds. Each deposit to a parish endowment account held in trust by The Catholic Foundation must be accompanied by a standard verification of the permanently restricted character of the funds and must be signed by the pastor. A parish may not permanently restrict funds that are otherwise unrestricted or only temporarily restricted.

ACCOUNTING PRACTICES

The accounting records of The Catholic Foundation are maintained in accordance with generally accepted accounting principals. The annual financial statements of The Catholic Foundation are audited by an independent public accounting firm each year.

Actual investment earnings, net of the cost of administration, are allocated and credited to the individual endowment accounts semi-annually. Complete statements of account activity are prepared semi-annually and are provided to the parish for each of its individual endowment accounts.

EARNINGS DISTRIBUTION POLICY

The standard Charter document for each Parish Foundation Endowment Trust Fund provides that the annual withdrawal of earnings from an individual endowment account is limited to an amount equal to 5% of the total market value of the account, based upon the average year-end market value of the account for the last three fiscal years. Earnings credited to the account in excess of the 5% distribution rate are maintained in the individual endowment account as a reserve so that the 5% distribution can be accomplished in those periods when actual earnings are less than 5%.

For additional information regarding The Catholic Foundation, please call The Catholic Foundation Office at 916.733.0266.

CHARTER OF

(NAME OF PARISH) PARISH ENDOWMENT FOUNDATION ENDOWMENT TRUST FUND,

*An autonomous pious foundation existing within THE CATHOLIC FOUNDATION OF THE DIOCESE
OF SACRAMENTO FOUNDATION, INC. a California Non-profit Religious Corporation*

ARTICLE I: NAME

The name of the Endowment Trust Fund shall be (NAME OF PARISH) ENDOWMENT FOUNDATION TRUST FUND, an autonomous pious foundation, established in accordance with the provisions of Canon 1303, §1, 1°, of the 1983 Code of Canon Law, existing within The Catholic Foundation, a California non-profit religious corporation (hereinafter, "Endowment Trust Fund"). This Charter shall govern the administration of the Endowment Trust Fund.

ARTICLE II: PURPOSE

The purpose of the Endowment Trust Fund shall be solely to perpetuate, support, and uphold the work of (NAME OF PARISH) Parish. Any conditions imposed or dispositions made by the trustees of this Endowment Trust Fund upon the principal, its earnings or income shall be in conformity with the Articles of Incorporation, Bylaws and Resolutions of the Board of Directors of The Catholic Foundation, this Charter, and the requirements of the 1983 Code of Canon Law, to wit: Canons 113-123; 1301; 1303, §1, 1°, governing public juridic persons in general and autonomous pious foundations in particular, and Canons 1276; 1277; 1279; 1291; 1292, §§1, 2; and 1295, governing ordinary and extraordinary acts of administration.

ARTICLE III: ADMINISTRATION – TRUSTEES

A Board of Trustees is to be established, over which the pastor presides and in which Trustees are appointed to assist the pastor in the administration of the Endowment Trust Fund. The Board of Trustees shall be a consultative body, and possesses a consultative vote, according to the norms of Canon Law. The Board of Trustees shall have a minimum of three (3) and a maximum of ten (10) members, including the school principal (if applicable) as an ex-officio voting member. Parish employees or other employees of the Diocese of Sacramento, with the exception of the parish school Principal, shall not serve as trustees for perpetual endowment trusts administered by this Corporation. The pastor shall convoke the Board of Trustees and shall preside over it. The pastor and school principal (if applicable) shall serve for the length of their respective terms as pastor and school principal (if applicable). The other members shall be appointed by the pastor, who shall also determine their number, and shall serve for three years with the possibility of renewal for three years at the discretion of the pastor. The terms of members should be

staggered to ensure continuity, and the initial terms shall be adjusted to allow for such continuity. A person appointed to complete an unfinished term will first serve for the remainder of the term before being re-appointed for a three-year term at the discretion of the pastor. A member may resign at any time by giving written notice to the pastor. The pastor has the power to remove any member with or without cause. The presiding officer shall be the pastor. The pastor shall file a current list of members of the Board of Trustees yearly with the Secretary of the Board of Directors of The Catholic Foundation and shall notify the same of any changes in the membership of the Board of Trustees.

**ARTICLE IV:
ADMINISTRATION – VOTING**

A majority of the members of the Board of Trustees then serving shall constitute a quorum for the transaction of any business, except adjournment, at any meeting of the Board of Trustees. A meeting at which a quorum is initially present may continue to transact business, despite the withdrawal of some members, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting. Except for actions subject to Articles VIII, X, XI and XII, a simple majority vote of the quorum shall be adequate to make decisions.

**ARTICLE V:
ADMINISTRATION – MEETINGS**

Regular meetings of the Board of Trustees must be called at least twice a year by the pastor to review and consult on matters relating to the Endowment Trust Fund. The pastor may call special meetings, as he deems necessary. Written minutes of all meetings of the Board of Trustees shall be kept. Members of the Board of Trustees may participate in the meeting through use of a conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another.

**ARTICLE VI:
ACCEPTANCE OF GIFT OR DONATION**

The members of the Board of Trustees shall have the right and obligation to review each and every gift or donation, whether made in cash or in kind, and to recommend the acceptance or rejection of a gift on the basis of its suitability in the furtherance of this Endowment Trust Fund. All non-cash gifts, with exception of publicly-traded securities, must be reviewed and approved by the Board of Directors of The Catholic Foundation before being accepted.

**ARTICLE VII:
DEPOSITING OF PRINCIPAL ASSETS**

All contributions to this Endowment Trust Fund shall be deposited with The Catholic Foundation, a California non-profit religious corporation, for the use of (NAME OF PARISH) PARISH ENDOWMENT and shall be added to the principal of the Endowment Trust Fund. Only those funds that have been permanently restricted by a donor may be added to the principal assets deposited by the Board of Trustees on behalf of the Foundation.

**ARTICLE VIII:
USE AND DISBURSEMENT OF
THE ENDOWMENT TRUST FUND**

The Endowment Trust Fund shall be comprised of one or more separate and distinct, permanently restricted endowment funds, each of which are identified and defined in the attached Appendix(ces). The Endowment Trust Fund can make disbursements only from the earnings of the Endowment Trust Fund. "Earnings" are defined as dividends, interest, and realized and unrealized gains and losses. The Endowment Trust Fund will receive a semi-annual statement of activity from The Catholic Foundation. Financial information regarding this Endowment Trust Fund can be obtained by the Pastor, at any time, from the Treasurer of The Catholic Foundation.

**ARTICLE IX:
ADJUDICATION OF DISPUTES**

The Board of Directors of The Catholic Foundation, Inc. shall have the authority to settle disputes regarding this Endowment Trust Fund and its disposition in accordance with the terms of this Charter and the norms of Canon Law.

**ARTICLE X:
ALTERATION**

The requirements of Canons 120-122 and all other canons relevant to public juridic persons must be observed before any alteration of this Endowment Trust Fund may take place. To alter this Endowment Trust Fund, a two-thirds (2/3) vote and recommendation of the Board of Trustees is required and shall be forwarded to the Board of Directors of The Catholic Foundation. The Board of Directors of The Catholic Foundation, must approve such recommendations in a manner consistent with the norms of Canon Law, particularly in accordance with Canon 120, §1.

**ARTICLE XI:
EXTINCTION**

As a public juridic person, this Endowment Trust Fund is, of its nature, perpetual in accordance with the Canon 120, §1. The requirements of Canons 120-122 and all other canons relevant to public juridic persons must be observed before it may be extinguished.

If the parish is consolidated with another parish or parishes, the Endowment Trust Fund may be transferred to the new consolidated entity with the consent of the Board of Directors and Corporate Member of The Catholic Foundation, in accordance with the requirements of Canon Law, particularly Canon 123.

If the parish has been suppressed, all accumulated earnings and the principal assets of the Endowment Trust Fund will revert to the Diocese of Sacramento to be utilized at the Bishop's discretion, in accordance with the requirements of Canon Law, particularly Canon 123. Cf. Canon 120, § 1.

If the purpose for maintaining this Endowment Trust Fund is frustrated or ceases to exist, the

The Catholic Foundation of the Diocese of Sacramento, Inc.

accumulated earnings and the principal assets of the Endowment Trust Fund will revert, without restriction, to the parish to be used, in accordance with general canonical and diocesan norms, at the discretion of the pastor.

ARTICLE XII: ESTABLISHMENT AND AMENDMENTS

The Endowment Trust Fund is canonically established and civilly exists as part of The Catholic Foundation.

The Board of Directors of The Catholic Foundation shall first approve this Charter by resolution of the Board and present it to the Bishop of Sacramento for his approval and issuance of a canonical decree declaring this Endowment Trust Fund to be an autonomous pious foundation.

The Bishop of Sacramento, after obtaining the consent of the Diocesan Finance Council and having approved this Charter as autonomous pious foundation pursuant to Canons 94, §1, and 117, shall issue a decree establishing the Endowment Trust Fund as an autonomous pious foundation, pursuant to Canons 1303, §1, 1°; 114, §1; 116, §§1, 2, and shall approve this Charter as the statutes of the autonomous pious foundation, pursuant to Canons 117; 94, §1.

This Charter shall become effective when the pastor receives from the Bishop of Sacramento the decree establishing this Endowment Trust Fund as an autonomous pious foundation.

This Charter may be amended by a two-thirds (2/3) vote of the Board of Trustees, but only after receiving the approval of the Board of Directors of The Catholic Foundation and the consent of the Bishop of Sacramento according to the norms of Canon Law.

ARTICLE XIII: ACCOUNTABILITY

The pastor and the Board of Trustees shall review the transactions or activities of this Endowment Trust Fund at each meeting to ensure that the Endowment Trust Fund is being administered according to this Charter.

**ARTICLE XIV:
CONFIDENTIALITY**

All information concerning donors, including but not limited to, their identity and the amount or description of their gifts, shall be kept strictly confidential by the Board of Trustees and any authorized personnel of the Endowment Trust Fund, unless written permission is obtained from the donor or donor's legal representative to release such information.

**ARTICLE XV:
REVOCATION AND SUPERCESSION**

This Charter shall revoke and supercede any prior trust instruments, endowment charters, or other instruments governing the administration and disposition of the principal assets of the Endowment Trust Fund.

Adopted this ____ day of {MONTH}, 20 ____ at (City)s, California.

NAME OF PARISH

By: _____
its President

NAME OF PARISH

(PASTOR NAME), Pastor

APPENDIX 'A'

NAME OF PARISH SCHOOL ENDOWMENT

SECTION 1.0 NAME:

The Endowment Trust Fund shall include a permanently restricted endowment fund that shall be known as the "NAME Parish School Endowment."

SECTION 2.0 PURPOSE:

The purpose of the NAME Parish School Endowment shall be to provide scholarships to selected students at NAME Parish School.

SECTION 3.0 BENEFICIARY:

The beneficiary of the NAME Parish School Endowment shall be the juridic person known as "NAME OF Parish" in CITY, California.

SECTION 4.0 DISTRIBUTION OF ENDOWMENT INCOME:

4.1 Disbursement shall be made as follows:

4.1.1 The percentage disbursement rate shall be five percent (5%) of the total market value of the Endowment Trust Fund, based upon the average year-end market value of the Endowment Trust Fund for the past three fiscal years. The purpose of the 5% disbursement policy is that an endowment should be able to earn higher earnings annually over time, which would be added to the Endowment Trust Fund thereby providing an offset against the erosion of purchasing power through inflation. Earnings in excess of the 5% annual rate shall be maintained in the Endowment Trust as accumulated but undisbursed earnings and thus provide a reserve to attempt to allow a 5% disbursement even when actual earnings fall short of the 5% rate.

4.1.2 In the event the amount of Endowment Trust Fund's total returns for a given fiscal year and the balance of any accumulated but undisbursed earnings reserve is inadequate to permit a five percent (5%) disbursement without invading the Endowment Fund principal, a disbursement of up to five percent (5%) may be authorized by a two-thirds vote of the Trustees then serving and upon the approval of the Board of Directors of The Catholic Foundation. The resolution authorizing such disbursement shall, in all cases, require that the principal disbursed must be repaid from future returns. The principal of the Endowment Fund may not be invaded more than twice during any consecutive five (5) year period.

4.1.3 Upon a two-thirds vote of the Trustees then serving and upon the approval of the Board of Directors of The Catholic Foundation, the Trustees may periodically formally add to the principal of the Endowment Trust, a portion of the accumulated but undisbursed earnings reserve balance. The amount thus formally added to the principal of the Trust shall be intended to offset the effects of inflation and shall be determined with due consideration to maintaining a prudent accumulated but undisbursed earnings reserve balance.

BYLAWS OF

NAME OF PARISH FOUNDATION,

An autonomous pious foundation existing within
The Catholic Foundation of the Diocese of Sacramento, Inc.,
a California non-profit religious corporation.

ADOPTED:

**ARTICLE 1:
NAME & OFFICE**

1.1 NAME

The name of this autonomous pious foundation shall be NAME OF Parish Endowment Foundation. This autonomous pious foundation, established in accordance with the provisions of Canon 1303, §1, 1°, of the 1983 Code of Canon Law, shall exist within The Catholic Foundation of the Diocese of Sacramento, Inc., a California non-profit religious corporation (hereinafter, "Endowment Trust Fund"). This Charter shall govern the administration of the Endowment Trust Fund.

1.2 PRINCIPAL OFFICE

The principal office for the transaction of the business of this autonomous pious foundation shall be ADDRESS.

**ARTICLE 2:
DEFINITIONS**

2.1 DEFINITIONS

As used in these Bylaws, the following definitions shall apply.

2.1.1 "The Church" shall mean the Roman Catholic Church, its constituent juridic persons, and affiliated organizations.

2.1.2 "The Roman Catholic Bishop of Sacramento" shall mean the Roman Catholic Bishop of Sacramento, a California non-profit corporation sole, having its principal place of business at 2110 Broadway, Sacramento, California 95818. The Roman Catholic Bishop of Sacramento is a tax-exempt organization under Internal Revenue Code § 501©(3), 26 U.S.C. § 501©(3).

2.1.3 "Canon Law" shall mean the 1983 Code of Canon Law of the Catholic Church.

2.1.4 "This Foundation" shall mean NAME OF Parish Endowment Foundation, an autonomous pious foundation.

2.1.5 "Pastor" shall mean PASTOR, Parochial Administrator and Parish Steward.

2.2 CONSTRUCTION

Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, the plural includes the singular, and the term “person” includes both a legal entity and a natural person. To the extent, if any, these Bylaws conflict with the Charter, the Charter shall take precedence. Moreover, to the extent that an ambiguity arises regarding the interpretation or application of these bylaws, such ambiguity shall be resolved in a manner fully consistent with the letter and intent of the Charter.

ARTICLE 3: PURPOSES OF THE FOUNDATION

3.1 PURPOSES

3.1.1 This Foundation’s fundamental purpose is to faithfully facilitate the teaching ministry of the Catholic Church, as instituted by our Lord through the Gospel call to proclaim the Word throughout the world, according to the faith, traditions and teachings of the Catholic Church.

3.1.2 This Foundation exists to advance, support and enrich the ministries of the {PARISH NAME} Parish community by supplementing and promoting the parish community’s efforts {to proclaim the Gospel of Jesus Christ to the people of the {PARISH NAME} parish community and to evangelize the Good News to those in the community at large}{to provide access to the rich heritage of Catholic education to the children of the {PARISH NAME} Parish community}{, and such other purposes as set forth in Appendices ____ through ____ of the Charter}.

3.1.3 Consistent with the canons and traditions of the Catholic Church, the Board of Trustees of this Foundation, as an autonomous pious foundation, is a consultative body that works in close consultation and collaboration with the pastor of NAME OF Parish to assist the pastor in the administration of the Endowment Trust Fund.

ARTICLE 4: ETHICAL PRINCIPLES AND POLICIES

4.1 ETHICAL PRINCIPLES AND POLICIES

The activities of the Foundation shall be carried on at all times subject to the religious, moral and ethical principles of the Catholic Church as determined by the Pastor and the Bishop of the Sacramento Diocese.

ARTICLE 5: BOARD OF TRUSTEES

5.1 CONSULTATIVE FUNCTIONS

5.1.1 The Board of Trustees shall have the following consultative functions:

5.1.1.1 To assist the Pastor in conducting, managing, and controlling this Foundation's temporal affairs and activities and to assist the pastor in making such rules and regulations for this purpose, consistent with the norms of canon law, the Charter, these bylaws, and the resolutions of the Board of Directors of The Catholic Foundation.

5.1.1.2 To exercise stewardship over a mutually agreed-upon development program through appeals to the parish community and the solicitation and receipt of gifts/donations.

5.1.1.3 To assist the Pastor in managing, investing and disbursing the property of this Foundation, as it shall from time to time determine by consultative resolution.

5.2 NUMBER

The number of Trustees of this Foundation shall be – determined by the Pastor consistent with Article III of the Charter. The Pastor and School Principal (if applicable) shall serve for the length of their term as Pastor and School Principal (if applicable) respectively.

5.3 APPOINTMENT, RESIGNATION AND REMOVAL OF TRUSTEES

5.3.1 The Trustees shall be appointed by the Pastor.

5.3.1.1 {When a vacancy arises on the Board, the Board shall propose at least three (3) nominees for each vacancy on the Board to the Pastor.

5.3.1.2 The Pastor shall review the nominations received from the Board and may appoint a new Trustee from the nominations received.

5.3.2 A Trustee may resign at any time by giving written notice to the Pastor.

5.3.3 {Upon prior consultation with the Board, the} {The} Pastor may remove any Trustee at any time.

5.3.4 The Pastor shall file a current list of members of the Board of Trustees yearly with the Secretary of the Board of Directors of The Catholic Foundation and shall notify the same of any changes in the membership of the Board of Trustees.

5.4 TERM OF TRUSTEES

Trustees shall serve the following terms:

5.4.1 Initial Term. Trustees appointed by the Pastor to serve on the Board of this Foundation shall serve an initial term of three (3) years.

5.4.2 Subsequent Terms. Any incumbent Trustee may be re-appointed by the Pastor to a subsequent term of three (3) years. No Trustee shall serve more than two (2) consecutive three (3) year terms of office. A Trustee who has served two (2) consecutive three-year terms shall be eligible for re-appointment only after the expiration of one (1) year following the conclusion of his or her last term.

5.5 REGULAR MEETINGS

- 5.5.1** Regular meetings shall be held at least twice annually and at such other frequency as determined by the Pastor.
- 5.5.2** Prior notice of the regular meetings of the Board of Trustees shall not be required.
- 5.5.3** Meetings shall be held at the principal office of this Foundation or at such other place or places within or without the State of California that have been designated from time to time by resolution of the Board.

5.6 SPECIAL MEETINGS

Special meetings of the Board of Trustees for any purpose whatsoever may be called at any time by the Chairman and two (2) Trustees, or by the Pastor. Notice of any special meeting of the Board of Trustees shall be sufficient if mailed first class four (4) days prior to the meeting or delivered personally, by telephone, by facsimile, or by electronic mail no less than twenty-four (24) hours prior to the meeting. The notice shall state the time of the meeting and the place, if the place is other than the Foundation's principal office. The notice need not specify the purpose of the meeting.

5.7 QUORUM

A majority of the Trustees then serving shall constitute a quorum for the transaction of any business, except adjournment, at any meeting of the Board of Trustees. A meeting at which a quorum is initially present may continue to transact business, despite the withdrawal of some Trustees, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting.

5.8 VOTING

If a quorum is present, the affirmative vote of a majority of the Trustees present at the meeting and voting on any matter shall be the act of the Board of Trustees, unless the vote of a greater number is required by the Charter.

5.9 ACTION WITHOUT MEETING BY WRITTEN CONSENT

Any action required or permitted to be taken by the Board of Trustees may be taken without a meeting, if all members of the Trustees shall individually or collectively consent in writing to such action. The written consent shall be filed with the minutes of the proceedings of the Board. Action by written consent shall have the same force and effect as the unanimous vote of the Board of Trustees.

5.10 TELEPHONIC MEETINGS

Members of the Board of Trustees may participate in the meeting through use of a conference telephone or similar communications equipment, so long as all Trustees participating in such meeting can hear one another. Participation in the meeting pursuant to this Paragraph constitutes presence in person at such meeting, and meetings so held shall constitute the valid action of the Board provided that the other requirements of this Article are met with respect to such meeting.

**ARTICLE 6:
OFFICERS**

6.1 OFFICERS

The officers of the Foundation shall be a Chairman of the Board of Trustees, a Secretary of the Foundation, and a Treasurer and such other officers as the Board of Directors may from time to time establish. One (1) person may hold two (2) or more offices. The Pastor shall preside over the Board of Trustees by virtue of his office as Pastor of the Parish, as required by the norms of Canon Law.

6.2 APPOINTMENT

All corporate officers shall be appointed by the Board of Trustees at the beginning of each fiscal year. Any officer may be removed, either with or without cause, by a majority vote of the Trustees at the time in office. Any officer may resign at any time by giving written notice to the Pastor. Any such resignation shall take effect on the date of the receipt of such notice, or at any later time specified therein, and unless otherwise specified therein, the acceptance of the resignation by the Board or the Pastor shall not be necessary to make it effective.

6.3 REMOVAL

Any officer may be removed by the Board of Trustees or the Pastor whenever in their judgment the best interests of this Foundation will be served thereby.

6.4 CHAIRMAN OF THE BOARD

The Board of Trustees shall appoint a Trustee to serve as Chairman. The Chairman shall serve as chairperson of the Board of Trustees and shall conduct all meetings of the Board of Trustees. He or she shall have such other powers and duties as may be prescribed by the Pastor, the Board of Trustees, and/or these Bylaws.

6.5 SECRETARY OF THE FOUNDATION

The Board of Trustees shall appoint a Secretary. The Secretary shall:

- 6.5.1** Keep the minutes of all meetings of the Board;
- 6.5.2** See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law;
- 6.5.3** Have charge of all the records of the Board; and,
- 6.5.4** In general perform all of the duties incident to the office of Secretary, subject to the control of the Pastor and the Board.

6.6 TREASURER

The Board of Trustees shall appoint a Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and comprehensive books and records of the assets of this Foundation and of its transactions. Such books and records shall be open to inspection by any Trustee or the Pastor at all reasonable times. In addition, the Treasurer shall be responsible for all necessary and appropriate reporting of the accounting. The Pastor or the Parochial Vicar shall sign checks on behalf of the Foundation. The Chairman and the Treasurer together, (i.e. two signatures required) may sign checks on behalf of the foundation.

ARTICLE 7: RECORDS AND REPORTS

7.1 MAINTENANCE OF ARTICLES AND BYLAWS

This Foundation shall keep at its principal office a copy of its Charter and these Bylaws, as amended to date.

7.2 MAINTENANCE AND INSPECTION OF OTHER FOUNDATION RECORDS

Minutes of proceedings of the Board and committees of the Board shall be kept in writing or typed form, and the accounting books and records shall be kept either in written or typed form or in any other form capable of being converted into written, typed or printed form.

7.3 ANNUAL REPORT

7.3.1 This Foundation shall provide to the Pastor, its Trustees, and the Board of Directors of The Catholic Foundation, within one hundred eighty (180) days of the close of its fiscal year, a report which shall include, but not be limited to, the following information in reasonable detail:

7.3.1.1 The assets and liabilities, including the trust funds, of this Foundation as of the end of the fiscal year.

7.3.1.2 The principal changes in assets and liabilities, including trust funds, during the fiscal year.

7.3.1.3 The revenue or receipts of this Foundation restricted to particular purposes, for the fiscal year.

7.3.1.4 The expenses or disbursements of this Foundation restricted purposes, during the fiscal year.

7.3.2 The fiscal year of this Foundation shall run from July 1st of each year to June 30th of the subsequent year.

7.4 CONFIDENTIALITY

The Catholic Foundation of the Diocese of Sacramento, Inc.

Except as otherwise publicly disclosed or such disclosure is required by law, or in order to appropriately conduct this Foundation's business, the records and reports of this Foundation shall be held in confidence by those persons with access to them.

ARTICLE 8: FOUNDATION ASSETS

8.1 ASSETS OF THE FOUNDATION

The assets of this Foundation are set forth and described with particularity in the appendices to the charter .

8.2 PERPETUAL ENDOWMENT

8.2.1 All disbursements made from the NAME OF Parish Endowment Trust Fund shall be made in accordance with the terms of those endowments in the appendices) to the charter.

8.2.2 Prior to the start of each fiscal year, the Board, in consultation with the Pastor, may establish an annual spending plan, designating an agreed-upon disbursement from the Endowment Trust Fund.

8.3 DONATION LITERATURE

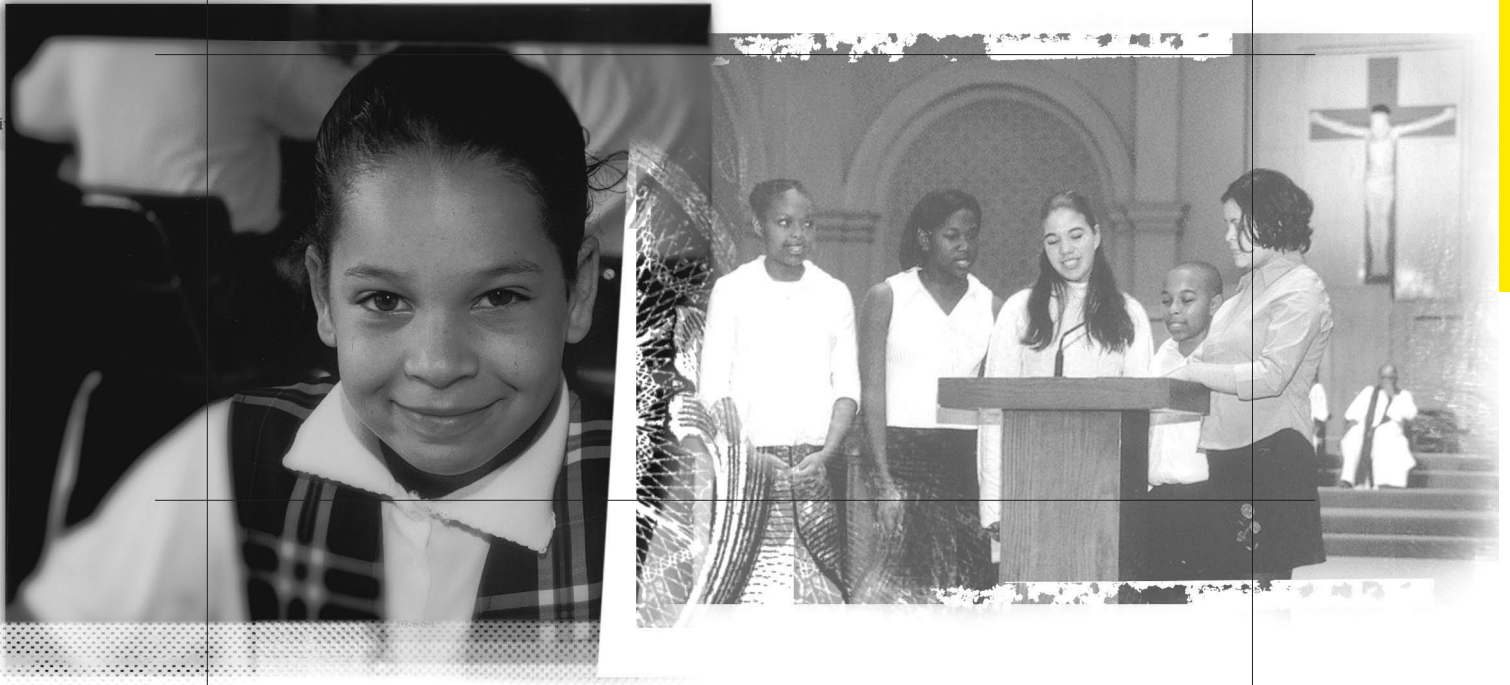
All donation literature, including donor envelopes, brochures, fliers, and solicitation letters, issued by the Foundation shall indicate that all contributions made to the Foundation shall be added to the principal of the Endowment Fund.

ARTICLE 9: AMENDMENTS

9.1 AMENDMENTS

These Bylaws may only be amended by affirmative vote of a majority of the Board of Trustees and subject to the approval in writing of the Pastor.

The Parochial Fund, Inc.



“Blessed are those who are persecuted for righteousness’ sake,
For theirs is the kingdom of heaven.”

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THE PAROCHIAL FUND, Inc.

THE PAROCHIAL FUND, INC.,

A California Nonprofit Religious Corporation

Policies and Guidelines

*Adopted by resolution of the Board of Directors of the
Parochial Fund Inc. on October 25, 2002.*

STATEMENT OF PURPOSE

The Parochial Fund, Inc. operates as a “Parish Bank” in that parishes, as separate juridic persons with canonical ownership of their own individual assets, invest their savings (not permanently restricted) to make them available for financing the construction, expansion, and maintenance requirements of parishes and other entities that further the mission of the Catholic Church within the Diocese of Sacramento.

ADMINISTRATION

The Board of Directors of the Parochial Fund, Inc. has the fiduciary responsibility for administering the assets and liabilities of the entity. The Parochial Fund, Inc. has contracted with the Diocese of Sacramento as a third party provider of day to day management services including accounting and reporting services; loan underwriting services; cash receipts services, cash disbursements services, and cash management services.

LENDING POLICIES AND GUIDELINES

A. GENERAL STATEMENT

The Board of Directors of the Parochial Fund, Inc. have established lending policies and guidelines aimed at maximizing the amount of financing made available to parishes and other entities that further the mission of the Catholic Church within the Diocese of Sacramento; while ensuring that funds invested by depositors are safeguarded from unnecessary risks.

B. LOAN APPROVAL AUTHORITY

All loans must be approved by the Board of Directors of the Parochial Fund, Inc. Notwithstanding this, it is acknowledged that a parish may not accept a loan commitment until the Parish has received formal approval from the Diocesan Bishop to do so.

C. LOAN TYPES

Loans may be made by the Parochial Fund, Inc. for the following purposes:

- New construction
- Renovation
- Maintenance & repair
- Land acquisition
- Other

D. LOAN AMOUNTS

- Loan amounts may not exceed 40% of total project turn-key cost; i.e. a parish must have on hand or have paid 60% of total project turn-key cost by the end of construction. Pledges receivable at the end of construction do not count for purposes of achieving the 60% threshold.
- Notwithstanding the foregoing, loan amounts shall not exceed that amount which is reasonably repayable by borrower within the appropriate loan repayment term, as determined by the underwriting.

Notwithstanding the foregoing, no loan amount shall exceed 10% of the total assets of the Parochial Fund Inc.

E. LOAN REPAYMENT PERIODS

The length of the repayment period will be based on the size of the loan and the projected future needs of the entity. Loan repayment periods may not exceed ten years.

F. LOAN INTEREST RATE

It is intended that the rate charged on loans made from the Parochial Fund, Inc. will be less than market over time. The rate charged for loans shall be a fixed rate of 6% per annum, compounded quarterly.

The lending rate is subject to change periodically, and each such rate change shall be effective for all loans then outstanding or committed.

G. LOAN UNDERWRITING GUIDELINES

The loan underwriting guidelines are the criteria by which each loan application is reviewed and considered. These guidelines are intended to ensure the safe investment of parish deposits while recognizing the desire to make loan funds available as needed.

1. **Project Turn-key Budget.** The parish is to provide a complete and realistic budget including all hard construction costs and soft costs (e.g. architects, engineering, permits and fees, furnishings, etc.) associated with the project.
2. **Conceptual Financial Plan/Project Cash flow.** The parish shall work with Parochial Fund Inc. staff to develop a Conceptual Financial Plan depicted as a Project Cash flow spreadsheet in format as determined by the Board of Directors. The Project Cash flow spreadsheet shall include the amount and timing of all project expenditures and the amounts and timing of all revenue sources. The Cash flow shall show that the full debt can be retired within the loan repayment term.

The revenue sources allowed to be used in developing the Conceptual Financial Plan/Project Cash flow are limited to the following:

- Average operating revenues in excess of operating expenses for the most recent three year period.
- Outstanding pledges receivable discounted to 95% collectible, for three-year professionally-run capital campaigns, and discounted to 90% collectible for five-year professionally-run campaigns.

THE PAROCHIAL FUND, Inc.

- Future, professionally-run capital campaigns discounted to 95% collectible, for three-year professionally-run capital campaigns, and discounted to 90% collectible for five-year professionally-run campaigns. The projected amounts must be reasonable relative to parish offertory levels, the frequency of parish campaign efforts, and the type of project being funded.
- 3. **Existing Parish Debt.** In general, a parish must retire one debt before incurring an additional debt. In any event, existing parish debt will be netted against cash sources in developing the Conceptual Financial Plan/Project Cash flow.
- 4. **Financial Infrastructure.** A parish is required to have adequate financial infrastructure in place as evidenced by the following:
 - All parish obligations paid current (i.e. assessments, insurance, employee benefits, etc.)
 - Parish Finance Council in place and meeting regularly
 - Parish annual operating budget in place and being monitored. During the period that a loan is outstanding, a parish may be asked to submit its annual operating budgets to the Parochial Fund, Inc..
 - Parish has adequate (non-project) reserves for major maintenance & repairs and contingencies
 - Parish has had a financial operations review within the last three years and has followed up on any material recommendations.

H. NEW PARISHES – SPECIAL UNDERWRITING CONSIDERATION

The underwriting for a new parish loan (i.e. a parish that does not yet have a permanent church) may deviate from the normal underwriting policies and guidelines. The amount of the loan and timing of the project will be determined after consideration of the following:

- Parish assets
- Parish operating results to date
- Projected population growth within the parish boundaries and the projected timing of the growth
- The need for the facility given the regional situation of neighboring parishes
- Plan for repayment
- Financial infrastructure.

I. LOAN DOCUMENTATION

Each loan shall be documented by letter agreement which shall set forth the amount of the approved project cost budget; the loan amount; the repayment term; the interest rate for the loan and a provision that allows for a change in rate; and any other conditions upon which the loan approval is granted. The letter agreement shall incorporate by attachment the approved Project Cash flow.

The conditions of approval will always include the condition that the parish gain the Diocesan Bishop's approval to accept the loan Commitment. In addition, other conditions of approval will most often include the parish having to achieve a certain amount of gross pledges as part of an initial capital campaign, and

THE PAROCHIAL FUND, Inc.

the parish agreeing to budget annually for at least that amount of excess operating revenues that was contemplated as part of the Conceptual Financial Plan/Project Cashflow. The conditions of approval may also include other conditions as deemed necessary by the Board of Directors.

In order for the loan approval to be effective, the letter agreement must be signed by the Pastor on behalf of the parish, after hearing from the Parish Finance Council.

J. LOAN DISBURSEMENTS

Requests for disbursement from approved loans, are to be made once per month. Copies of invoices formally approved by the Pastor shall accompany any request for disbursement.

K. PROJECT BUDGET CHANGES/CHANGE ORDERS

All Project Budget Changes/Change Orders must be pre-approved by the Parochial Fund Inc. Changes that impact the Project Budget and/or Loan Amount up to \$100,000 or 10% may be approved by the Treasurer; while changes in excess of \$100,000 are to be approved by the Board of Directors.

DEPOSIT POLICIES AND GUIDELINES

A. GENERAL STATEMENT

The Board of Directors of The Parochial Fund, Inc. have established deposit policies and guidelines aimed at providing a fair return to the depositors while ensuring that deposits are safeguarded and that a below market lending rate is provided to growing parishes in the Diocese of Sacramento.

B. TYPES OF DEPOSIT ACCOUNTS

All deposit accounts will be demand deposits not requiring minimum balances or minimum time requirements.

Notwithstanding the above, the nature of monies deposited by parishes shall be non-permanently restricted monies of the parish that exceed normal levels of parish working capital. Normal levels of parish working capital refers to those funds maintained in the parish's checking account at a local financial institution, not to exceed the equivalent of two months operating expenses.

C. SAVINGS WITHDRAWALS

Requests for withdrawals from parish savings accounts must be made in writing for approval purposes: i.e. withdrawals for expenditures in excess of \$15,000 must have already received Diocesan approval for the expenditure.

D. INTEREST PAID ON DEPOSITS

The interest paid on deposits shall be approved by the Board of Directors of The Parochial Fund Inc. quarterly, and shall be a variable composite rate determined quarterly, which shall include interest income earned on loans; earnings from the investment of excess liquidity and working capital; less a reasonable provision for bad debts as determined by the Board of Directors; less reasonable expenses incurred in the management of The Parochial Fund, Inc..

THE PAROCHIAL FUND, Inc.

Note that earnings from the investment of excess liquidity and working capital shall be calculated based upon a level yield methodology whereby investments are not marked to market. This accounting approach recognizes the intent to hold securities to maturity and reduces earnings volatility associated with fluctuations in market rates.

Interest shall be credited to the accounts quarterly based upon a daily average balance.

ASSETS, LIABILITIES, AND NET ASSET MANAGEMENT

A. GENERAL STATEMENT

The assets, liabilities, and net assets of The Parochial Fund, Inc. shall be managed with due consideration to the following goals:

- The safeguarding of parish deposits
- The maintenance of adequate liquidity to meet the needs of deposit withdrawals and loan disbursements
- Maximizing the availability of loans to parishes to facilitate the growth, expansion, and maintenance of parish facilities and other entities that further the mission of the Catholic Church within the Diocese of Sacramento
- Providing a fair return to parishes on their invested funds
- Providing a below market lending rate to borrowing parishes

B. ASSETS, LIABILITIES, AND NET ASSET MANAGEMENT

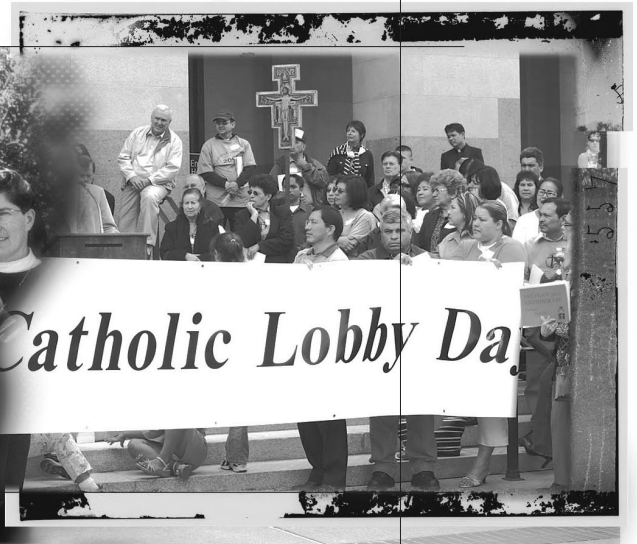
1. Loan risk will be held to a reasonable level through adherence to the formal lending policies and guidelines adopted by the Board of Directors.
2. Loan risk will also be held to a reasonable level through timely monitoring of repayment progress versus the approved Conceptual Financial Plan/Project Cash flow; and timely follow-up on poorly performing loans.
3. Adequate liquidity shall be ensured by monitoring in a timely manner detailed cash flow projections for the entity.
4. Adequate liquidity shall also be ensured by monitoring parishes so that all excess parish funds are invested in The Parochial Fund Inc. versus other financial institutions.
5. The investment of The Parochial Fund Inc. excess liquidity shall be carried out in accordance with the formal Investment Policies and Guidelines approved by the Board of Directors.
6. The net assets of the Parochial Fund Inc. shall be zero such that all net earnings of the Parochial Fund Inc. shall be distributed to the depositors as interest earned on deposits as described above.

-
7. The Parochial Fund Inc. shall maintain a loan loss reserve contra-asset account in amount deemed appropriate by the Board of Directors after due consideration is given by the Board to specific loans in the portfolio and the need for generally prudent reserves. Notwithstanding the foregoing, The Parochial Fund, Inc. shall strive to maintain a minimum loan loss reserve equal to 3% of the Loans Outstanding balance, plus 1% of the Loans-in-Process balance as of June 30 of each fiscal year.

These Policies and Guidelines may be reviewed by the Board of Directors annually.

Legal

yet without sin. —In all points tempted like as we are,
Heb. 4:15.



“Rejoice and be exceedingly glad, for great is your reward in heaven,
for so they persecuted the prophets who were before you.”

800 **LEGAL**

SECTION

When to Seek Legal Counsel.....800-2

When to Seek Legal Counsel

In today's working environments a myriad of laws and legal requirements affect each of us. This section is devoted to the provision of guidelines for those circumstances that require the consultation with or representation by legal counsel. These guidelines are provided to Pastors and others in the parish who are responsible for the administration, management and organization of parish activities.

When do you need to seek legal counsel:

- You are threatened with a lawsuit or have been notified that a lawsuit is in progress that involves you.
- An attorney phones and wants to obtain information from you about others.
- You as a Pastor are asked to be a beneficiary, a witness to a will or included in someone's will.
- You are subpoenaed for any reason.
- You have any questions of clarification concerning the Diocese of Sacramento's Code of Pastoral Conduct: its meaning, its application and advisement about circumstances about which you are uncertain.
- You seek clarification about issues surrounding advocacy of political candidates and propositions within your parish community.
- You seek clarification and guidance about reportable events in your parish that involve any form of abuse: emotional, sexual or physical, of adults and/or minors.
- You seek clarification of immigration issues concerning visas, documented and undocumented individuals, and determining the legal status of immigrants for employment purposes.
- You seek clarification of the use of parish facilities. Some activities should never be allowed and some activities require caution.
- You seek clarification of the use of donated monies or goods. In general, donor intentions must be followed in a timely manner for all donations.
- When you are considering having the parish enter into a contract that is more than one year in duration.
- When someone alleges (or you believe) that a parish employee or volunteer has engaged in conduct that violates the Diocese's policies prohibiting harassment, discrimination, or misuse of electronic equipment (computers, fax, email, etc.).
- In addition to the norms and practices set forth in the Diocese of Sacramento Human Resources Administrative Manual and the Personnel Handbook for the Diocese of Sacramento, and assistance from the office of Lay Personnel, you seek guidance about employment, (including hiring, compensation, overtime, and leaves/time off) termination and fair treatment of personnel.

If you are confronted with any of these issues you are encouraged to consult with members of the Diocesan Administration, e.g. the Chief Financial Officer, the Office of Lay Personnel, the Vicar Episcopal for Canonical Affairs, the Vicar for Pastoral Ministry or the Vicar General. If appropriate, you will be directed to legal counsel retained by the Diocese of Sacramento.

Appendices



“Blessed are the peacemakers,
For they shall be called sons of God.”

900 APPENDICES

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Appendix A



APPENDIX A

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Instructions for Completing the Annual Parish Financial Report

The format and method of completing the Annual Parish Financial Report is unchanged from last year. As before, the Report includes three main parts which must be completed:

PART 1

(Page 1)... includes questions relating to the parish's plant, real property holdings, and construction\ renovation needs and plans.

PART 2

(Inside page)... includes the Annual Statement of Cash Receipts and Disbursements.

Please report on Line 61 the parish's fair share payments from its combined campaign to the Preserving Our Past... Building Our Future Diocesan Campaign. These transactions are posted to account 682.8 on the parish books.

PART 3

(Back page)... includes beginning and ending account balances for each of the parish's cash accounts, loans, and other investments; and information regarding parish staff, including annual salaries.

Line by line instructions for completing Part 2, (inside page) Annual Statement of Cash Receipts and Disbursements:

While you will submit only one Annual Parish Financial Report for the parish, you again have the option of completing a separate Annual Statement of Cash Receipts and Disbursements for each individual checking and savings account, or you may choose to complete one form to include all the parish's cash accounts together on one sheet. Whichever option is chosen, it is important that all the activity from all the parish checking and savings accounts is included in the Annual Parish Financial Report.

Please follow the detailed instructions below in completing the Annual Statement of Cash Receipts and Disbursements. If you have any questions about completing this form, please call either Mike Fisher, Kathy Barros or Antonette Agustin, Parish Financial Services Coordinators, at the Diocesan Finance Office, (916) 733-0277.

LINE 1 Beginning Balance in the Account(s) as of July 1, 20xx

Enter the reconciled beginning balance from all the parish's checking and savings accounts, including all savings and endowment accounts at the diocese. This will not include the accounts of parish societies or groups, or the parish cemetery, unless such accounts are a part of the parish books. The beginning balance entered on Line 1 should agree with the amount reported in Part 3 (back page) of the Annual Parish Financial Report as of June 30, 20xx.

LINE 2 Offertory Collections – Parish Church

Enter the total amount of Offertory receipts received during the year either in the mail or from the Offertory collections on Sundays, Christmas, Easter, Holy Days, Thanksgiving, and all other Masses at which an Offertory collection is taken up, from the parish's primary church. These transactions are posted to accounts 501.1 – 501.4 on the parish books.

LINES 3-5 Offertory Collections – Mission Churches

Enter the total amount of Offertory receipts received during the year either in the mail or from the Offertory collections on Sundays, Christmas, Easter, Holy Days, Thanksgiving, and all other Masses at which an Offertory collection is taken up, from each of the parish's mission churches. (Please note that not all parishes have mission churches.) These transactions are posted to accounts 501.51 – 501.54 on the parish books.

LINE 6 Total offertory collections

Add Lines 2 through 5, and enter the sum here.

LINE 7 Sacramental Services

Enter the total amount of offerings received by the parish during the year in connection with marriages, baptisms, etc. These transactions are posted to accounts 502.1 – 502.9 on the parish books.

LINES 8-10 Parish Societies, net

Enter the total amount of donations and cash transfers received by the parish from societies or groups that operate within the parish. Please list separately each society or group that made such a donation or transfer during the year. If the amount of expense for any individual society or group exceeds the amount of income for the year, then enter the amount on Line 8-10 as a negative number for that society or group. These transactions are posted to accounts 510.1 – 510.9 on the parish books.

LINE 11 Donations Associated with the Use of Plant Facilities

Enter the total amount of donations received during the year in connection with the use of plant facilities. These transactions are posted to account 525 on the parish books. Note that receipts for the use of non-plant (parish facilities that are located off-site) are posted to account 540.41 (Line 52).

LINE 12 Religious Articles, Candles, & Books, net

Enter the combined net amount of receipts and disbursements associated with either the purchase or sale of candles, religious articles, and books. If the amount of expense for the year exceeds the amount of income, then enter the amount on Line 12 as a negative number. These transactions are posted to accounts 530 (income) and 630 (expense) on the parish books.

LINE 13 Donations & Unrestricted Gifts

Enter the total amount of non-offertory donations received during the year which were not designated as to a specific use. These transactions are posted to account 535 on the parish books.

(Please note that bequests and designated gifts are reported on Line 52 below, as non-operating receipts.)

LINES 14-16 Parish Programs, net

Enter the combined net amount of receipts and disbursements associated with the various parish programs, including RCIA, Youth Ministry, Adult Religious Education, Lay Ministerial Training, Ecumenism/Evangelization, etc. Please list each program individually. If the amount of expense for the year exceeds the amount of income for any program, then enter the amount for that program as a negative number. These transactions are posted to accounts 555.1 – 555.9 (income) and 655.1– 655.9 (expense) on the parish books.

LINES 17-19 Parish Fund Raising Activities, net

Enter the combined net amount of proceeds derived from parish fund raising activities during the year. Please list each fund raising activity individually. These transactions are posted to accounts 565.1 – 565.9 (income) and 665.1 – 665.9 (expense) on the parish books.

LINES 20-22 Other Operating Receipts

Enter any amounts received during the year as part of the normal operations of the parish, which are not included elsewhere in this report. Please list each receipt category individually. These transactions are posted to accounts 569.1 – 569.9 on the parish books.

LINE 23 Total Operating Receipts

Add Lines 7 through 22, and enter the sum here.

LINE 24 Total Offertory Collections / Operating Receipts

Add Lines 6 and 23, and enter the sum here.

LINE 25 Gross Clergy Salaries

Enter the total amount of gross wages paid to the clergy during the year, including base salary, years of service, sacramental offerings (stipends), vacation pay, and payments to extra clergy and deacons. These transactions are posted to accounts 601.11 – 601.19 on the parish books.

LINE 26 Gross Religious Salaries

Enter the total amount of gross compensation paid to Sisters and other Religious during the year. These transactions are posted to account 601.2 on the parish books.

LINE 27 Gross Lay Salaries

Enter the total amount of gross salaries paid to lay employees during the year, including regular pay, bonuses, and overtime pay. Only W-2 wages are reported here, not payments to independent contractors. The transactions for gross lay salaries are posted to accounts 601.301 – 601.399 on the parish books.

LINE 28 Lay Payroll Taxes

Enter the total amount paid during the year for the employer's share of payroll taxes on lay wages. Only the employer's share of Social Security and Medicare taxes should be reported here. The transactions reported here are posted to account 602 on the parish books.

LINE 29 Clergy Employee Benefits

Enter the total amount paid during the year for clergy employee benefits, including the Priest's self-employment tax supplement (SS Taxes) which are included in the Priest's monthly paychecks, retirement premiums, health insurance premiums, vision care, etc. These transactions are posted to accounts 603.11 – 603.19 on the parish books.

LINE 30 Religious Employee Benefits

Enter the total amount paid during the year for religious employee benefits, including retirement premiums, health insurance premiums, etc. These transactions are posted to accounts 603.21 – 603.29 on the parish books.

LINE 31 Lay Employee Benefits

Enter the total amount paid during the year for lay employee benefits, including worker's compensation insurance, contributions to the lay employee's pension plan, premiums for health/dental/life insurance, unemployment insurance, etc. Please note that the amount of worker's compensation insurance and unemployment insurance is billed to the parish as part of the annual property and liability insurance invoice which the parish receives from the diocesan finance office. These transactions are posted to accounts 603.31 – 603.39 on the parish books.

LINE 32 Automobile Expense

Enter the total amount paid during the year for automobile-related expenses including insurance, gasoline and mileage reimbursements, car repairs and maintenance, and the Priest's car allowance that is included in the Priest's monthly paycheck. Please note that the auto insurance on parish-owned cars is billed to the parish as part of the annual property and liability insurance invoice which the parish receives from the diocesan finance office. The payment of car insurance and other automobile expense transactions are posted to accounts 605.1 – 605.9 on the parish books.

LINE 33 Church Expense

Enter the total amount paid during the year for church-related expenses, including repairs and maintenance, telephone, utilities, liturgical expense (including payments to independent contractor musicians), offertory envelopes, etc. These transactions are posted to accounts 610.1 – 610.9 on the parish books.

LINE 34 Rectory Expense

Enter the total amount paid during the year for rectory-related expenses, including repairs and maintenance, telephone, utilities, household support, etc. These transactions are posted to accounts 615.1 – 615.9 on the parish books.

LINE 35 Hall Expense

Enter the total amount paid during the year for hall-related expenses, including repairs and maintenance, telephone, utilities, hall supplies, etc. These transactions are posted to accounts 620.1 – 620.9 on the parish books.

LINE 36 Office Expense

Enter the total amount paid during the year for office-related expenses, including repairs and maintenance (of building and equipment), telephone / fax, utilities, office supplies, postage and shipping, outside printing and copies, office equipment lease, payments to independent contractors, etc. These transactions are posted to accounts 625.1 – 625.9 on the parish books.

LINE 37 Grounds Repair and Maintenance

Enter the total amount paid during the year for the upkeep, repair, and maintenance of the parish grounds, including payments to independent contractors. These transactions are posted to accounts 628.1 – 628.9 on the parish books.

LINE 38 Property and Liability Insurance

Enter the total paid during the year for property and liability insurance. These transactions are posted to account 635 on the parish books.

LINE 39 Property Taxes and Assessments

Enter the total amount paid during the year for personal property taxes, real property taxes, levies, and assessments on parish owned properties. These transactions are posted to account 640 on the parish books.

LINE 40 Charitable Donations, net

Enter the combined net amount of receipts and expenses related to charitable causes. If the amount of charitable income for the year exceeds the amount of charitable expense, then enter the amount on Line 40 as a negative number. These transactions are posted to accounts 545.1 – 545.9 (income) and 645.1 – 645.9 (expense) on the parish books.

LINE 41 Religious Education, net

Enter the combined net amount of receipts and expenses associated with religious education for pre-school through high school, excluding salary amounts paid to parish staff. If the amount of religious

education income for the year exceeds the amount of expense, then enter the amount on Line 41 as a negative number. These transactions are posted to accounts 550.1 – 550.9 (income) and 650.1 – 650.9 (expense) on the parish books.

Please note that religious education salaries are only reported on Lines 25, 26, or 27, as appropriate.

LINE 42 School Subsidy

Enter the total amount paid during the year to the parish school as direct subsidy, scholarships, or any other amounts paid by the parish in support of the school. These transactions are posted to account 660.05 – 660.45 on the parish books.

LINE 43 Diocesan Assessment

Enter the amount paid during the year to the Diocese for the parish assessment. These transactions are posted to account 680 on the parish books.

LINES 44-45 Other Operating Disbursements

Enter any amounts paid during the year as part of the normal operations of the parish, which are not included elsewhere in this report. Please list each expense category individually. Examples of expenses which are reported here include, advertising, bank service charges, clergy retreats and continuing education, dues and subscriptions, rent and lease of space, payroll processing charges, professional services, seminarian stipends, airfare and lodging while traveling on parish business, and other miscellaneous expense. These transactions are posted to accounts 669.01 – 669.99 on the parish books.

LINE 46 Total Operating Disbursements

Add lines 25 through 45, and enter the total here.

LINE 47 Excess Offertory Collections / Operating Receipts Over Operating Disbursements

Subtract line 46 from line 24, and enter the difference here.

LINE 48 Interest and Dividend Income

Enter the total amount of interest and dividends received and/or credited directly to all parish cash accounts through June 30, 20xx, including the parish's savings and endowment accounts at the diocese. These transactions are posted to accounts 520.1 – 520.9 on the parish books.

LINE 49 Capital Fund Drive, net

Enter the combined net amount of receipts minus expenses during the year, related to a capital fund drive. These transactions are posted to accounts 582.1 – 582.9 (income) and 682.1 – 682.7 and 682.9 (expense) on the parish books. Please report the parish's payment of its fair share amount (account 682.8) to the Preserving Our Past... Building Our Future Diocesan capital campaign, on line 61.

Please provide details of current capital fund drive(s) in progress in the section of the worksheet entitled A Capital Fund Drive(s) (right margin). If the parish has more than one capital fund drive, please attach

additional sheets as necessary. This information is not required for the standard Preserving Our Past... Building Our Future Diocesan campaign.

LINE 50 Net Increase/Decrease in Loan Balance(s)

Enter the net change in the cumulative balance of all parish loans from June 30, 20xx to June 30, 20xx. The amount reported on Line 50 should agree with the total change in loan balances as reported in Part 3 (back page) of the Annual Parish Financial Report. Note that a net increase in loan balance is considered a cash source and is reported as a positive number on Line 50. A net decrease in loan balance is considered use of cash and is reported as a negative number on Line 50.

Please note that the loan balance(s) on the parish books must be in agreement with the loan balance(s) as per the June 30, 20xx loan statement(s) that the parish receives from the diocese.

LINE 51 Interest Expense Charged on Loans

Enter the total amount of interest that the parish was charged during the year on each of its loans, whether this interest was paid or not. Note that the amount of interest charged is considered a use of cash and is reported as a negative number on Line 51. These transactions are posted to account 670 on the parish books.

LINE 52 Bequests, Endowment Funds, Special Receipts and Non-Operating Designated Gifts

Enter the total amount received during the year pursuant to the Will or Trust of a deceased (bequests); endowment funds; insurance settlements and receipts for the use of non-plant facilities (special receipts); and receipts that are restricted for non-operating purposes only. These transactions are posted to accounts 540.1 – 540.9 (bequests and special receipts), and 585.1 – 585.9 (designated gifts) on the parish books.

LINE 53 Proceeds from the Sale of Surplus Property, Equipment, and Non-Cash Investments

Enter the total net cash proceeds received during the year from the sale of real or personal property, as well as the liquidation of any non-cash investments. These transactions are posted to account 588 on the parish books.

LINE 54 Parent Parish Obligation Receipts/Payments

Enter the total payments either received or made pursuant to a parent parish obligation agreement. (Please note that not all parishes have a parent parish obligation agreement.) These transactions are posted to either account 573 (receipts) or 673 (expense) on the parish books.

LINES 55 Diocesan and Special Collections, net

Enter the combined net amount of receipts and disbursements associated with diocesan and other special collections which the parish has taken during the year. If the amount of disbursements for the year exceeds the amount of receipts, then enter the amount on Line 55 as a negative number. These transactions are posted to accounts 595.01 – 595.99 (receipts) and 695.01 – 695.99 (disbursements) on the parish books.

LINE 56 Capital Expenditures – Automobiles

Enter the amount paid during the year to purchase automobiles and/or to make major repairs to parish automobiles. Please provide detail at the section of the worksheet entitled Capital Expenditures Detail. These transactions are posted to account 686.11 – 686.19 on the parish books.

LINE 57 Capital Expenditures – Equipment and Furniture

Enter the amount paid during the year to purchase equipment, furnishings, or other capital assets. Individual purchases are normally considered capital expenditures when the acquisition cost is \$2,000 or more. Please provide detail at the section of the worksheet entitled Capital Expenditures Detail. These transactions are posted to account 686.21 – 686.29 on the parish books.

LINE 58 Capital Expenditures – Buildings, Improvements, and Land

Enter the amount paid during the year for capital improvements to the parish plant, or for the purchase of real property. Individual purchases or projects are normally considered capital expenditures when the acquisition or project cost is \$2,000 or more. These amounts may include either new construction or the renovation of existing facilities. Please provide detail at the section of the worksheet entitled Capital Expenditures Detail. These transactions are posted to account 686.31 – 686.39 on the parish books.

LINE 59 Capital Expenditures – Projects for the Benefit of the Parish School

Enter the amount paid during the year for capital improvements of school facilities. Individual purchases or projects are normally considered capital expenditures when the acquisition or project cost is \$2,000 or more. These amounts may include either new construction, the renovation of existing school facilities, or other purchases or projects of a capital nature that the parish subsidized for the benefit of the school. Please provide detail at the section of the worksheet entitled Capital Expenditures Detail. These transactions are posted to account 686.41 – 686.49 on the parish books.

LINE 60 Capital Expenditures – Grounds Improvements

Enter the amount paid during the year for capital improvements to the parish grounds. These amounts may include items such as parking lot re-surfacing, installation of sprinkler systems, new landscaping, etc, which cost \$2,000 or more. Please provide detail at the section of the worksheet entitled Capital Expenditures Detail. These transactions are posted to account 686.51 – 686.59 on the parish books.

**LINE 61 Payments of fair share amount to Preserving Our Past... Building Our Future
Diocesan Campaign**

Enter the total amount paid to the Diocese for the parish's fair share to the Diocesan Campaign. These transactions are posted to account 682.8 on the parish books.

LINES 62-63 Other Non-Operating Cash Activity

Enter the net amount of all other non-operating transactions which had no effect on cash, but which need to be accounted for in order for the worksheet to balance. Example: the amount of change in your accounts payable balance or un-deposited payroll taxes from June 30, 20xx to June 30, 20xx needs to be accounted for. Please list each item or category separately.

LINE 64-65 Transfers Between Cash Accounts

The Annual Statement of Cash Receipts and Disbursements is a summary of the cash flow in each of your cash accounts, beginning with the balance in the account on July 1, 20xx, and ending with the balance in the account on June 30, 20xx. Some transactions in each cash account during the year may be the recording of monies transferred between cash accounts. If you are completing one worksheet for each individual cash account, and not for all your cash accounts combined, you will need to enter the amounts which were transferred into or out of each cash account in order for the worksheet to balance. Please provide detail for all transfers between cash accounts at the section of the worksheet entitled Transfers Between Cash Accounts.

Please note that if you combine all transactions from all your cash accounts onto one worksheet, these adjustments will not be necessary because the entries will be a (wash) between the cash accounts affected by such transfers.

LINE 66 Total Non-Operating Cash Activity

Add lines 48 through 65, and enter the sum here.

LINE 67 Ending Cash Balance, June 30, 20xx

Add Lines 1, 47, and 66, and enter the total here. Your ending cash balance(s) must agree with the reconciled June 30, 20xx bank statement for each account.

Please also note that the beginning and ending reconciled balances of all the parish's cash accounts must be reported in Part 3 (back page) of the Annual Parish Financial Report, under the caption, Parish Checking, Savings,

DIOCESE OF SACRAMENTO

Name of Parish _____

City _____

ANNUAL PARISH FINANCIAL REPORT

From July 1, to June 30,

Submitted by _____ (signature of Pastor)

Date _____,

Please answer the following:

1. Was all parish property acquired during this reporting period executed in the name of "The Roman Catholic Bishop of Sacramento, a Corporation Sole"? ☐ Yes ☐ No
2. Is the parish holding any property deeds? ☐ Yes ☐ No
3. Are there savings, investments or other assets owned by the parish not shown in this report?
☐ Yes ☐ No
4. Condition of the parish plant: (excellent, good, adequate, poor, etc.)

<i>Church</i>	_____
<i>Rectory</i>	_____
<i>Hall</i>	_____
<i>Convent</i>	_____
<i>Parish Center</i>	_____
<i>School</i>	_____
<i>Other</i>	_____

5. New construction, improvements, or major repairs planned for the next year:

6. Vehicles owned by the parish:

Year / Make / Model	License Number	DMV Registered Owner

Report prepared by: _____

Phone: _____

ANNUAL STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

This Sheet Reports All Transactions From:

☐ All Cash Accounts ☐ Main Checking Account ☐ Other Account: _____

Account #	Beginning Balance in the Account(s) as of July 1,		CAPITAL EXPENDITURE (List items reported on through 60 - Account)
Line 1			
Line 2			
Line 3			
Line 4			
Line 5			
Line 6			
Line 7			
Line 8			
Line 9			
Line 10			
Line 11			
Line 12			
Line 13			
Line 14			
Line 15			
Line 16			
Line 17			
Line 18			
Line 19			
Line 20			
Line 21			
Line 22			
Line 23			
Line 24			
Line 25			
Line 26			
Line 27			
501	Offertory Collections / Operating Receipts:		
	Offertory Collections		
	Parish Church		
	Mission Church (please specify _____)		
	Mission Church (please specify _____)		
	Mission Church (please specify _____)		
	Total Offertory Collections (sum of lines 2 through 5)		
502	Operating Receipts		
510	Sacramental Services		
	Parish Societies, net (please specify)		
525	Donations Associated with the Use of Plant Facilities		
530-630	Religious Articles, Candles, & Books		
535	Donations & Unrestricted Gifts		
555-655	Parish Programs, net (please specify)		
565-665	Parish Fund Raising Activities, net (please specify)		
569	Other Operating Receipts (please specify)		
	Total Operating Receipts (sum of Lines 7 through 22)		
	Total Offertory Collections / Operating Receipts (sum of lines 6 and 23)		
	Operating Disbursements:		
601	Gross Salaries & Wages		
	Priests (base salary, years of service, offerings, vacation pay, extra priests, etc.)		
	Religious		
	Lay (W-2 wages only)		

[illegible]

Note: A separate sheet may be used for each checking & savings account, or the activity from all the parish's cash accounts may be combined into one sheet.

Supplemental Schedules

PARISH CHECKING, SAVINGS, AND OTHER PARISH CASH ACCOUNTS

	<i>Account Name</i>	<i>Diocese or Other Institution</i>	<i>July 1, 20__</i>	<i>June 30, 20__</i>	<i>Change</i>
1.					0
2.					0
3.					0
4.					0
5.					0
6.					0
7.					0
	Totals		0	0	0

OTHER INVESTMENTS AND SECURITIES

1.					0
2.					0

LOANS

Diocese of Sacramento

1.					0
2.					0

Banks / Other

1.					0
2.					0
	Totals		0	0	0

To line 50

PARISH STAFF (If more space is needed, attach additional sheets as necessary)

	<i>Name</i>	<i>Job Classification</i>	<i>Annual Gross Salary</i>
Priests			
1.			
2.			
3.			
4.	Visiting Priests (Various)	Supply Priests	
	Total		

To line 25

Religious

1.			
2.			
	Total		

To line 26

Lay

1.			
2.			
3.			
4.			
5.			
	Total		

To line 27

ADDENDUM A

Parish Name: _____

City: _____

Parish Finance Council – Membership

(Do not include Pastor or parish staff)

CHAIRPERSON

Name

Professional Title

Address City ZIP

E-mail Address Phone

MEMBER(S)

1. _____
Name

Professional Title:

Address City ZIP

E-mail Address Phone

2. _____
Name

Professional Title:

Address City ZIP

E-mail Address Phone

3. _____
Name

Professional Title:

Address City ZIP

E-mail Address Phone

(Attach additional sheets if necessary.)

ADDENDUM B

Parish Finance Council Attestation

We the members of the Parish Finance Council for _____ Parish in _____, CA, do hereby attest to the following:

1. The Parish Finance Council has met on the following dates during the 2007/2008 fiscal year and subsequent there

2. ☐ Yes ☐ No The Parish Finance Council met, developed, and discussed the parish budget for fiscal 2008/2009.

3. ☐ Yes ☐ No The budget was shared with the parish Faithful on the following date(s)

Please attach a copy of the budget report presented to the parish Faithful.

4. ☐ Yes ☐ No The Parish Finance Council met, reviewed, and discussed the Annual Parish Financial Report for the fiscal year ended June 30, 2008.

5. ☐ Yes ☐ No A Financial Report to the Faithful was made on the following date(s)

Please attach a copy of the report presented to the parish Faithful.

Please print name

Please sign

Finance Council Chai

Finance Council Member

Finance Council Member

Finance Council Member

Finance Council Member

Finance Council Member

Rev.

Pastor/Parochial Admin.

Date

Most Reverend William K. Weigand
Bishop of Sacramento
2110 Broadway
Sacramento, CA 95818

RE: Transmittal of Parish Annual Financial Report

Dear Bishop Weigand:

In keeping with the requirements of diocesan policy as expressed in the diocesan statutes, and in order to further document the proper stewardship of parish resources during the most recent fiscal year, I am sending you the Annual Parish Financial Report for the fiscal year ended June 30, 2008 with the following:

Addendum A Names and professional titles of the members of the Parish Finance Council

Addendum B A statement signed by the Parish Finance Council members and the Pastor stating that for the 2007/2008 fiscal year: (1) the dates upon which the Parish Finance Council met during the fiscal year and subsequent thereto (2) that the Council met, developed, and discussed the parish budget for the 2008/2009 fiscal year, (3) that the budget was shared with the parish Faithful; (4) that the Council met, reviewed, and discussed the Annual Parish Financial Report; and (5) that a Financial Report to the Faithful was made pursuant to canon 1287.

This information will confirm that Parish has the appropriate financial infrastructure to ensure the good stewardship of its financial resources.

Sincerely,

Rev.
Pastor

Enclosures

Offertory Envelopes: Tracking and Storage

The use of an offertory envelope system provides a good way to facilitate donor giving and a way to document cash offerings. The IRS and court rulings do not require that Offertory Envelopes be used. However, it is required that donations of less than \$250 be documented for tax purposes. The documentation requirement is satisfied using a canceled check, a receipt from the parish or a written letter from the parish documenting the donation. The IRS specifies that a “reliable written record” be used for documentation. This documentation should be timely and integral to the regular bookkeeping activities of the parish.

Envelopes are usually stored at the parish as source documents for these donations. However in order to store them a great deal of space is required. It is recommended that a biannual or annual letter be sent to donors that summarize to date the amount the donor has given, that the donor be advised that they verify the amount stated in the letter with their personal records and that the envelopes will be stored for a period of time, e.g., a month, three or six months, and then destroyed. This will give due notice to the donor of the destruction of the envelopes and provide a written record from the parish documenting to date the amount of monies the donor contributed. This letter also advises that any discrepancies between their personal records and the parish records may be reconciled by phoning the parish bookkeeper within two weeks of the receipt of the letter.

COLLECTION SUMMARY SHEET (Parish Name)		
SUNDAY DATE _____		
Signatures of collection counters:		Signatures of persons taking the deposit to the bank:
_____		_____
_____		_____
_____		_____
	Offertory:	AMOUNT
501.1	Sunday Collection	
501.2	Christmas	
501.3	Easter	
501.4	Holy Days	
501.5	Parish Mission Church(s)	
501.9	Other	
Sacramental Services:		
502.1	Baptisms	
502.2	Weddings	
502.3	Funerals	
502.4	Quinceaneras	
502.5	Mass Offerings	
Parish Societies:		
510.1	Altar Society	
510.9	Other:	
525	Use of Plant Facilities	
530	Religious Articles and Books	
535	Donations & Unrestricted Gifts	
Bequests & Special Receipts:		
540.1	1.	
540.2	2.	
540.9	3.	
Charitable Donations		
545.1	1.	
545.9	2.	
Religious Education:		
550.1	Registration Fees	
550.2	Materials Fees	
550.3	Confirmation Fees	
550.9	Other R/E Receipts	
Parish Programs:		
555.1	1.	
555.2	2.	
555.9	3.	
Coins:	Pennies:	Nickels:
		Dimes:
		Quarters:
		Other:
		TOTAL:
Currency:	\$1s:	\$5s:
		\$10s:
		\$20s:
		\$Other:
		TOTAL:
Checks:	\$ _____	DEPOSIT: \$ _____

Determination of Employee Status: Employee or Independent Contractor?

Determination of whether or not an individual is classified as an employee or independent contractor is critical to ensuring appropriate remuneration and avoidance of penalties imposed by IRS and state agencies. The status of an employee determines employer obligations under federal and state laws. These same laws do not apply to an independent contractor. The consequences for an employer of misclassifying an employee as an independent contractor can bring significant tax, wage and benefits liabilities, as well as massive fines that may be imposed by the IRS and California EDD. The question of which category an employee fits is fundamental, yet even the courts have struggled with its determination. However, the responsibility for making the correct decision rests completely with the employer.

In order to assist you in the determination of the proper status of an employee the following discussion and presentation of criteria used by Federal courts provides guidance:

THE IRS TWENTY FACTOR TEST

- I. An individual who is required to follow instructions is more likely to be considered an employee. Is the worker required to comply with instructions given by the company receiving the services?
2. The greater the amount of training needed for the individual to complete an assigned task, the greater the likelihood that the individual will be considered an employee. Does the company receiving the services provide training to the worker by requiring an experienced worker to work with them, by corresponding with the worker, by requiring the worker to attend meetings, or otherwise indicate that the services are to be performed in a particular method or manner?
3. Where an individual is integrated into the employer's business to a great extent, the individual is more likely to be considered an employee. Are the services performed by the worker integral to the business operations of the company receiving the services?
4. The fact that an individual personally renders services will weigh in favor of employee status. Is the worker required to personally render services or can s/he sub-contract or hire others to do the work?
5. The fact that the individual hires, fires and pays assistants, and the employer has no right to do so, indicates independent contractor status. Does the company receiving the services hire, supervise and pay assistants for the worker?
6. The existence of a continuing relationship is indicative of employee status. Does the worker have a continuing relationship with the company receiving the services?
7. The establishment of a set amount of work hours suggests employee status. Does the company receiving the services set working hours?
8. An individual whose time is substantially devoted to the job is more likely to be considered an employee. Is the worker required to work full time for the company receiving the services?
9. The fact that an individual works on the employer's premises suggests employee status. Is the work performed on the premises of the company receiving the services?

10. An individual who works according to a sequence set by the employer will more likely be deemed an employee. Must the worker perform services in a set order or sequence?
11. The fact that an individual submits regular or written reports to the employer will weigh in favor of employee status. Is the worker required to submit regular oral or written reports?
12. An individual who is paid by the project, rather than by the hour, or other period of time, will more likely be considered an independent contractor. Is the worker paid by the hour, week or month vs. payment by the job or on a project basis?
13. An individual who is reimbursed for expenses is more likely an employee. Does the company receiving the services pay business and travel expenses for the worker?
14. An individual who furnishes the necessary tools and materials for the job is more likely an independent contractor. Does the company receiving the services supply tools and materials for the workers?
15. That an individual makes an investment in the facilities in which s/he works weighs in favor of independent contractor status. Does the worker lack a significant investment in facilities used by the worker in performing services?
16. The fact that an individual's work results in the possible realization of a profit or the risk of a loss suggests independent contractor status. An employee generally does not realize profit or loss on a job; an independent contractor can realize a profit or loss.
17. An individual who works for more than one firm at a time is more likely to be an independent contractor. Does the worker perform services exclusively for one company?
18. An individual who makes his or her services available to the general public is more likely to be considered an independent contractor. Does the worker offer services only to the company?
19. The fact that the employer has the right to discharge the individual suggests an employment relationship. Independent contractor relationships are more likely to be contractual. Does the company receiving the services have the right to discharge the worker?
20. The fact that the individual has the right to terminate the relationship also suggests an employment relationship because independent contractors are usually bound by a contract. Does the worker have the right to stop providing services without incurring liability?

Employers must be vigilant about worker status when filling staffing needs. Employers, pastors and parish administrators are encouraged to thoughtfully apply the above criteria and also use the 2003 Human Resources Administrative Manual for the Diocese of Sacramento, Section 3

Personnel Handbook, Sections 3.0 and 4.0 in making a final determination of a worker's status.

You are also encouraged to contact the Human Resources Department of the Diocese at 916.733.0240 for assistance.

Employment Development Department
Report of Independent Contractors

For current version of this form go to www.edd.ca.gov

Diocese of Sacramento
Remuneration of Priests in Active Ministry
Date – January 1, 2018

The Remuneration of Priests in active ministry is broken into four categories:

- | | |
|-----------------|-------------------|
| 1. Compensation | 3. Reimbursements |
| 2. Benefits | 4. Entitlements |

Each category is unique with respect to its treatment for tax purposes. A detailed discussion of each follows.

1. Compensation is taxable and includes the following: base salary, and funeral supplement at \$200 per month.

A. Base Compensation**

Yrs of Svc*	Pastor/Special Worker	Parochial Vicar
0-3 yrs	\$33,370	\$30,560
4-6 yrs	\$33,710	\$30,710
7-9 yrs	\$34,040	\$30,900
10-12 yrs	\$34,380	\$31,070
13-15 yrs	\$34,730	\$31,220
16-18 yrs	\$35,050	\$31,400
19-21 yrs	\$35,410	\$31,570
22-24 yrs	\$35,730	\$31,740
25-27 yrs	\$36,070	\$31,890
28-30 yrs	\$36,410	\$32,080
31-33 yrs	\$36,750	\$32,240
34-36 yrs	\$37,090	\$32,400
37-39 yrs	\$37,420	\$32,600
40-42 yrs	\$37,760	\$32,750
43-45 yrs	\$38,090	\$32,900
46-48 yrs	\$38,440	\$33,110
49-51 yrs	\$38,780	\$33,260

* “Yrs of Svc” refers to years of service in the Diocese of Sacramento. *(Note that once a Priest is incardinated into the Diocese of Sacramento, years of service are calculated from ordination date)*

** When a Pastor or Parochial Administrator is re-assigned as a Parochial Vicar, his salary will be adjusted to that of a Parochial Vicar according to the Base Compensation Schedule above.

B. *Mass Offerings*

The Diocese adopts a Tier I and Tier II system for Mass Offerings only for all priests in active ministry assigned by the Diocesan Bishop.

The election to change between Tier I and Tier II can only be exercised at the beginning of each fiscal year or upon change of assignment.

Tier I – The priest retains the allowed Mass offerings only (i.e., one offering per day, regardless of the number of Masses in a day or the number of intentions per Mass). All other offerings received must be turned in to the priest's source of income. Under this method the offerings are not included on a Priest's Form W-2, and therefore, he is responsible for the reporting of offering income on his personal tax returns.

-or-

Tier II – The Priest turns in all offerings including Mass offerings to his source of income, and in lieu thereof, receives a guarantee fixed amount of \$300 per month which is included on Form W-2.

Also see "Assignment of Offerings" (Schedule "A")

2. *Benefits* are non-taxable.

A. *Health, Vision, Dental and Prescription Insurance.*

Source of income pays the premium. The parish should pay the annual premium for religious order priests, but no more than the premium otherwise payable for diocesan priests.

B. *Defined Benefit Pension Plan.*

Source of income pays the required annual contribution to the Diocese of Sacramento Priests Pension Trust. The parish should pay an equivalent amount directly to the Order for any religious Order priest if they have a priest pension plan, but no more than the premium otherwise payable for diocesan priests.

C. *Annual Vacation Time.*

Priests 60 and under: 4 weeks (to include 4 Sundays)

Priests 61 and over: 6 weeks (to include 6 Sundays)

Priests 70 and over: 8 weeks

(Note: A priest may not accrue the Christmas and Easter break time and add it to their vacation period.)

You must inform the Vicar Episcopal for Clergy at least four weeks prior to your scheduled vacation by submitting a vacation request form. Please ensure that parish staff and advisory councils are informed timely and accordingly.

The Vicar cannot guarantee to supply a vacation replacement while you are on vacation. It is the individual priest's responsibility to arrange for a supply priest.

Vacation Supply Priest

The following are to be followed in arranging for supply priests.

"Statute #24"

1. *In order to exercise ministry in the Diocese of Sacramento, a visiting priest or deacon, including those who provide temporary coverage while assigned clergy are away on vacation or leave (e.g. "supply priests"), must be both in good standing with his diocese of incardination or religious community, and have provided evidence of this in written form to the proper official of the Diocese of Sacramento.*

A recently issued "celebret" or letter of permission issued by the proper ecclesiastical authority is required.

2. *A priest or deacon who desires to remain for an indefinite period of time in the Diocese of Sacramento and at the same time, exercise official ministry must first have completed a background check in accord with the policies and procedures of the Diocese of Sacramento. Any priest or deacon intending to minister in the Diocese of Sacramento for more than one month is required to make a formal request of the Diocesan Bishop for faculties and provide appropriate information, as well as, authorization for a background check.*
3. *The Diocesan Bishop may restrict the faculties of any priest or deacon in the Diocese of Sacramento.*

Supply priests who will be ministering in the diocese for 30 days or less are to provide the following:

1. A letter from their bishop/religious superior stating that he is in good standing with his diocese/religious community.
2. A recently issued "celebret" or letter of permission issued by the proper ecclesiastical authority.

Supply priests who will be ministering in the diocese for more than 30 days are to

provide the following:

1. A completed background check conducted in accord with policies and procedures of the Diocese of Sacramento.
2. Make a formal request of the Diocesan Bishop for faculties.
3. Complete the Application for Ministry as a supply priest.

In order to receive remuneration the priest must be a U.S. citizen, have an R1-visa sponsored by the Diocese of Sacramento or a permanent resident visa and present a valid SSN.

NOTE: A tourist visa does **NOT** allow for the individual to be employed in the United States.

D. *Day Off.*

One day per week is understood as 24 hours. The priest is authorized to take a few days off (up to a maximum of five days) after Easter and Christmas, but not to extend over a weekend.

- 3. Reimbursements** are generally non-taxable amounts paid to reimburse the Priest for certain expenses incurred in performing his ministry. Proper substantiation of reimbursed expenditures is required in order to qualify as a non-taxable employee expense reimbursement on a priest's personal tax returns. Expenditures eligible for reimbursement with proper substantiation include:

A. Automobile Expenses

Priests in active ministry in the diocese of Sacramento have two options to cover their automobile expenses:

Auto allowance and gas reimbursement. Priests can choose to submit receipts for their gasoline expenses incurred in their exercise of ministry. The above noted base compensation schedule includes the auto allowance amount.

OR

Mileage reimbursement. Priests can choose to not submit gasoline receipts for reimbursement, but instead submit request for mileage reimbursement. Source of income will pay for mileage submitted and incurred in the course of ministry (payed at the current diocesan rate).

Priests will be able to choose one of the options either at the beginning of the fiscal year or at time of transfer to another parish. Under both options, car repair and maintenance are solely the responsibility of the Priest.

If a priest uses an automobile owned by the parish or his source of income then, 480 dollars will be deducted per month from his base compensation as an auto expense.

B. Auto Insurance.

For a priest owning his own vehicle, source of income will reimburse the actual cost of insurance, not to exceed \$1,750 per fiscal year. A paid invoice must be submitted to the source of income in order to gain reimbursement. Priest may only apply for reimbursement for one vehicle only. Coverage limits must be the minimum requirement as detailed in Attachment "D". *(A portion of this reimbursement may be taxable to the extent that the auto is used for personal use.)*

C. Annual Diocesan Retreat.

Source of income reimburses at cost as substantiated.

D. Continuing Education.

Source of income reimburses up to a maximum \$1,500 per fiscal year. The last \$500 of the \$1,500 is given on a "matching funds" basis. This is construed to be theological continuing education; e.g. Priests Study Days. If a question arises as to the legitimacy of a particular educational expense, it is to be resolved by the director in charge of Continuing Education in the Diocese. Documented receipts must be provided for parish or other source of income records to gain reimbursement

E. Dry Cleaning.

Source of income reimburses documented expenditures for dry cleaning of clerical attire only. Expenditures for dry cleaning the personal clothing of a priest is a personal expense and is not reimbursable.

4. Entitlements (See Schedule "B" attached.)

Reminders:

- Reimbursements must be supported by adequate documentation.
- Taxable income results from personal use of a parish-owned vehicle. The priest should refer to his personal tax accountant for advice regarding this issue.

SCHEDULE - A

Assignment of Offerings

Canon Law (cf. canons 1380 and 1385) and theological doctrines define offerings as free gifts offered on occasion of pastoral ministry. The graces of the Church are offered as a gift by Christ, the Good Shepherd, for the benefit of the People of God. Priests must guard against both the illegitimate act of monetarily profiting from the Church's graces as well as any language or behavior that would create the perception of such profiting.

1. **Baptisms, Weddings, Quinceañeras, Funerals, House and Building Blessings, Car Blessings**

The Diocese observes the particular law of the ecclesiastical Province of San Francisco of April 17, 2015, which defines the maximum limits on the amount of offering recommended for different sacramental and ritual occasions. According to the particular law of the Province, the diocesan bishop is allowed to set the maximum limit below that set by the province. In the Diocese of Sacramento, the maximum limits for the different occasions are as follows:

Baptisms	-	\$50
Weddings	-	\$500 (the diocesan bishop may grant an exception to this norm for particular circumstances)
House and Building blessings	-	\$20
Car blessings	-	\$20
Quinceañeras	-	\$250
Funerals	-	\$200

- The aforementioned recommended offerings in this section are not to be required. They are not a precondition for receiving the sacraments or ritual blessings. All sacraments and sacramentals are offered by the priests without expectation of compensation.
- Any amount received up to the defined amount must go to the parish.
- Additional voluntary amounts given are also presumed to go to the parish, unless there is expressed proof of the donor's intention to do otherwise. However, such additional voluntary amounts may not licitly be requested or suggested. To do so is in violation of good pastoral practice and may be in violation of Canon Law.

2. **All Souls**

The traditional All Souls Offering for November 2 will go to the parish. Each priest is obliged to offer 15 Masses for the souls of the faithful departed during the year and will receive as part of his compensation in November of each year a 300 dollar offering.

3. Funeral Offerings

Effective January 1, 2018 all priests in active ministry receive an additional supplemental income of \$200 per month which is included in base compensation on Form W-2. All funeral offerings are to be given to the parish and properly recorded.

4. Mass Bination Offerings

Canon 951 ' 1 states, "A priest who celebrates several Masses on the same day can apply each to the intention for which the offering was given, but subject to the rule that, except on Christmas, he is to keep the offering for only one Mass and transfer the others to the purposes prescribed by the ordinary, while allowing for some recompense by reason of an extrinsic title." The Bishop has designated such offerings to be made to the parish (for those assigned to a parish) or to the parish of domicile (for those in special ministry).

SCHEDULE - B

Entitlements

The following entitlements are to be seen as a supplement to the existing compensation schedule for priests in active ministry.

1. Meals

- The ordinary expectation for priest(s) living in a rectory is that 3 meals a day be provided.
- It should be the ordinary practice that the priests living together in a rectory share at least three (3) meals in common per week.
- Meals need to be healthy and wholesome. Consideration of likes and dislikes of foods served ought to be decided in common.
- When meals are not provided in the rectory and the priest must dine in a restaurant, reimbursement is paid by source of income. Receipts must be presented in their original format to receive reimbursement.
- When meals are eaten outside of the rectory on a priest's day off, the expenses are the responsibility of the individual priest and are not reimbursable.
- When meals are provided in the rectory and a priest instead chooses to eat at a restaurant, the expenses are the responsibility of the individual priest and are not reimbursable.
- Entertainment Meals – The use of parish funds for periodic entertainment with either fellow priests or friends and family should be kept to a minimum. The receipt should include the purpose of the meal and the names of the guests.

2. Telephone

- Priests with an assignment in the diocese are required to have a cell phone. The cost of this phone will be reimbursed up to \$100 per month from the priest's source of income.
- The reimbursement is capped at \$100 per month total. However, if the priest's phone costs are less than \$100 they are reimbursed for the actual amount paid.
- The priest is required to provide a copy of his personal cell phone bill to receive the reimbursement.
- The priest is to reimburse the parish or source of income for any personal long-distance telephone calls made on the phone system of the parish or source of income.

3. Wine and other alcoholic beverages

- It is suggested that each parish rectory maintain wine and other alcoholic beverages which the priests of the house may use in moderation, including when they have personal visitors. Anything over and above this is the responsibility of the individual priest himself.

4. Animals and Pets

- The food and care of pets which a priest keeps are the responsibility of the individual priest himself. **NOTE: The priest will be required to pay the Parish for the cost of damages done to the rectory by his pet.**

5. Television/Computer/Internet

- Each house is to have a television, receiver, and media player(s) that are accessible to the priests of the house in common. If a priest chooses to have a television, receiver, and media player(s) in his quarters, this is the personal financial responsibility of the priest.
- Each rectory will provide for basic cable TV and Internet access into the quarters of each priest at parish expense. This does not include special, sport or ethnic related channels, pay-per-view, movie rentals or other services such as NetFlix. These are considered personal expenses of the individual priest.
- Pastor and Parochial Vicar will each be provided by the parish with a (one) computer for ministerial work. Note: If the parish pays for the computer it remains the property of the parish.
- All other electronic equipment/appliances are the responsibility of the individual priest himself. Note: Any equipment/appliances that are purchased by the parish remain parish property.

6. Expenses for Athletic Activities, Recreational and Social Clubs and Associations

- Athletic equipment is the responsibility of the individual priest himself.
- Health club memberships and the like are the responsibility of the individual priest himself.
- All other club membership, fees, and dues for recreation, sports and social groups are the responsibility of the individual priest himself.

7. Furnishing and Maintenance of Quarters for a Priest

- Individual priest quarters need to be cleaned regularly by a housekeeper.
- The individual quarters of the priest should be painted on a regular basis (As a general rule this should be done at the time of the arrival of a newly assigned priest or every six years).
- Furniture should be adequate and comfortable in each suite. Note: All furniture purchased by the parish remains the property of the parish.
- Carpeting drapes and mattress should be replaced and/or cleaned on a regular basis.
- The parish is to maintain an inventory of the furniture that belongs to the Parish. It is recommended that the individual priest himself maintain an inventory of the furniture which belongs to him. Note: All furniture purchased by the parish remains the property of the parish.

8. Laundry

- Ordinary laundry service (not including dry cleaning) is provided by the Parish.

9. Medications/Prescriptions

- Medications for priests are covered by the health insurance afforded the priests by the diocese. The deductible set by the insurance is the responsibility of the individual priest himself. All over-the-counter medications are the responsibility of the individual priest.

10. Personal Books and Magazines

- Books and professional magazines used in the course of ministry for educational enhancement are provided for by the educational allowance as set out in the *Remuneration of Priests in Active Ministry, 3. Reimbursements, D. Continuing Education*. All other cost for personal interest books and magazines are the responsibility of the individual priest himself.

11. Tobacco Products

- Costs are the responsibility of the individual priest himself.

12. Pilgrimage

- From time to time a priest may request special permission from the diocesan bishop to be absent from the diocese, in addition to his absence for vacation, in order to lead a pilgrimage group. This permission may not be requested before completing two years of service in the diocese and no more often than once every three years. The request must be granted in writing by the diocesan bishop or his vicar for clergy before commitments are made.
- The amount of time allowed will be directly related the destination of the pilgrimage. For shrines in the Americas or the Philippines one week will be granted. For shrines in Europe or the Holy Land two weeks will be granted.
- The priest who provides supply during the absence of the priest on pilgrimage must be approved in good time beforehand by the Personnel Director for Priests. The priest going on pilgrimage must himself obtain the services of the priest who provides supply. The stipend for the supply priest is the expense of the Parish/Institution.

(If an irregularity is discovered regarding the compensation of a priest, justice would require that reimbursement be made to the Parish.)

13. Gifts for celebrations such as ordinations, retirement, birthdays, anniversaries, etc.

- Under no circumstances may parish money be used to pay, in whole or in part, for ordination, retirement, birthday or anniversary celebrations or the gifts associated with those occasions.
- The costs of celebrations and gifts for those events in a priest's life may be provided voluntarily by parishioners and friends. For example, parishioners may organize a retirement dinner event in parish facilities where each parishioner donates towards the cost of the dinner. Parishioners may also donate towards the cost of a gift for the priest or personally give him a retirement gift at the dinner. No parish money may be used for these activities.

14. Bereavement Leave Policy for a Priest

- It is the intent of the Diocese of Sacramento to accommodate and support a priest at the time of the death of a family member. This policy is established as a guideline for ensuring that a priest is able: (1) to take a reasonable amount of time for bereavement leave and (2) to leave his assignment in a parish or diocesan position in capable hands.
- **Family Members**

A priest may be granted a bereavement leave to enable him to tend to his family at the time of the death of a parent, grandparent or sibling.

- **Notification and Permission**

A priest must immediately notify his pastor, the local dean or the Vicar for Priests upon learning of the death or pending death. He shall discuss with his pastor, the local dean or the Vicar for Priests the details of his leave, including departure and return dates. The pastor, local dean or the Vicar for Priests grants the leave after reviewing the matter with the priest making the request.

- **Length of Leave**

One week, with up to two weeks for special circumstances, e.g. International travel.

- **No Solicitation of Funds**

The priest shall not solicit from the faithful directly or indirectly, financial aid to help defray the cost of his trip or for funeral expenses. The custom of assisting brother priests is respected.

- **Temporary Loan**

A priest may apply to the Diocese for a temporary loan to cover the costs of an airline ticket to enable the priest to get home. The repayment of this ticket will be automatically deducted in a proportionate amount from his monthly salary so that the loan is repaid within 12 months.

- **Disciplinary Action**

A priest is subject to disciplinary action by the Bishop if he chooses to disregard this policy or any part of it. Such action may include a reduction in annual vacation time or a reduction in monthly compensation. A priest may also be subject to other penalties determined to be appropriate by the Bishop.

15. **Bonuses**

Under no circumstances are parish funds to be used to provide Christmas or Easter bonuses to the parish priest, parochial administrator or parochial vicar.

16. **Moving Expenses**

Under no circumstances are parish funds to be used to cover the moving costs associated with a parish priest, parochial administrator or parochial vicar moving from one parish/location to another within the diocese or out of the diocese.

17. Other Expenses

- Personal supplies - under no circumstances are parish funds to be used for personal supply items such as: soap, shampoo, shaving cream, toothpaste, etc. except to provide soap and shampoo for occasional guests.
- Personal clothing - under no circumstances are parish funds to be used for personal clothing.
- Travel expenses - under no circumstances are parish funds to be used for personal travel expenses even if the intention is to reimburse the parish for the costs at a later date.
- Car maintenance – under no circumstances are parish funds to be used to cover the costs associated with the maintenance of a priest's personal car, such as: road side service plans, oil changes, new tires, windshield repairs, etc.

18. Special Collections

- Permission from the Bishop is required prior to a priest having a special collection for his religious order or home parish. In no way should this special collection be of benefit to the priest.

Sample Acknowledgement Letter

PARISH LETTER HEAD STATIONARY

November 25, 2009

Ms. Cecilia Verona
1234 Anyplace Drive
Sacramento, CA 95800

Dear Cecilia,

Thank you for supporting St. Augustine's Pasta and Crab Feed Extravaganza that was held on November 15, 2009. Your donation(s) of the:

One Notre Dame Football Helmet

One set of Dynamite Golf Clubs

Your donation(s) helped us raise over \$70,000. The proceeds support the Feed The Hungry ministry here at St. Augustine Parish. This ministry annually serves over ten thousand meals to the most needy in our neighborhood. Care for the children of these families is also provided by supplying medical needs, habitat advice and resource information to various charitable agencies who can supply an array of services to the most needy in our community. Beginning in 1910, St. Augustine Parish has consistently served the poorest of the poor. Its long-standing reputation and ongoing service to the poor is now able to continue its work because of your generous donation(s).

Your continued support and personal contributions of parishioners like you, ensures that this long tradition will continue to serve God's people.

Yours in Christ,

Original signature of Pastor in blue ink

Fr. Joaquin Ambrose
Pastor

*The Federal Tax ID for St. Augustine Parish is 12-3456789
No goods or services were provided to you by the church in connection with any contribution, or their value was insignificant or consisted entirely of intangible religious benefits.*

Unrelated Business Income Tax

The IRS tax code levies a tax on unrelated business taxable income. This type of income is defined in section 512 of the tax code as, “the gross income derived by any organization from any unrelated trade or business regularly carried on by it”... and further it defines “unrelated trade or business” as “any trade or business the conduct of which is not substantially related (aside from the need of such organization for income or funds or the use it makes of the profits derived) to the exercise or performance by such organization of its charitable, educational, or other purpose or function constituting the basis for its exemption....

For a particular activity to be defined as an unrelated trade or business and therefore the income of this activity taxable there are three requirements that must be meant:

- the activity must be a trade or business;
- the trade or business must be regularly carried on;
- the trade or business must not be substantially related to exempt purposes.

In item one, a trade or business is generally understood as activity that produces income from the sale of goods and/or services. Examples of these activities may include bingo games and the selling of items in a religious goods store and/or church bazaars.

In item two, regularly carried on refers to the frequency and continuity with which the activities are carried on and the manner in which they are pursued. Generally, an income producing activity that is carried on for a short duration of time will not qualify as regularly carried on. A crab feed, dinner dance, selling of candy or related items, or the selling of donuts for two weeks, do not qualify as regularly carried on.

Item three, must not be substantially related to the (church's) exempt purposes generally means that income derived from the activity is far enough away from the defined purpose, i.e. mission of the organization, that the income does not significantly contribute to its mission. In an example where a church receives income from an outside business activity not related to the church, this income would be taxable, even though the income is used for purposes of the church. In deciding if income is exempt, the size and extent of the activity must be considered in relation to the nature and extent of the mission of that organization. If the income producing activity is much larger than the size of the exempted organization, it most likely is taxable.

Treasury and IRS regulations specify in detail, determinants of whether or not a particular form of income for an exempt organization is taxable. You are advised to consult these regulations or to contact an accountant for clarification about a particular form of income.

For a current copy of W-9 form go to <http://www.irs.gov/pub/irs-pdf/fw9.pdf?portlet=3>.

SAMPLE LETTER: ANNUAL PARISH FINANCIAL REPORT TO PARISHIONERS**PARISH STATIONARY/LETTERHEAD**

Dear Parishioners:

In the spring of 2006, I shared with you the parish's financial budget for the 2006/2007 fiscal year, as developed and approved with the input and assistance of the Parish Finance Council.

You have also been presented with quarterly financial updates during the year. I now share with you a reporting of the actual financial results of the 2006/2007 fiscal year on the reverse side of this page. The report has also been prepared and reviewed with the assistance of the Parish Finance Council and it compares actual financial results to those amounts budgeted for the fiscal year. In addition, the report lists the current balance of our various financial accounts as of June 30, 2007.

I am happy to report that the parish operated at a surplus of \$50,500 for the fiscal year, primarily due to achieving a 10% increase in offertory for the year which exceeded our budgeted increase of 6%. In addition, we received \$65,000 in non-operating revenues during the year due in large part to the receipt of a \$48,000 bequest from a former parishioner who generously remembered the parish in her will. These combined funds were used during the year to make improvements to the parish hall, including a new roof. The remainder of the funds have been deposited into our parish savings reserves for future use.

Thank you for your generous financial contributions during the fiscal year and for the equally important contributions of your time and talent, all of which support and enhance the life of our parish. Our parish has many needs, and I am confident that these needs will be met as we all strive to respond sacrificially to God's call for good stewardship of the gifts that He has bestowed on each of us.

May God who is never outdone in generosity, continue to bless each of you.

Sincerely in Christ,

Rev. _____, Pastor

(Parish, City)
ANNUAL REPORT TO THE FAITHFUL *
July 1, 20xx - June 30, 20xx

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Income			
Offeritory Collections			
Sacramental Services			
Parish Societies, net			
Donations Associated with the Use of Plant Facilities			
Donations & Unrestricted Gifts			
Parish Fund Raising Activities, net			
Other Operating Receipts			
Total Operating Income			
Operating Expenses			
Salaries, Wages & Benefits			
Automotive			
Church			
Rectory			
Hall & Convent			
Parish Center & Office			
Grounds Repair & Maintenance			
Religious Articles, Candles & Books, net			
Property & Liability Insurance			
Property Taxes & Assessments			
Charitable Donations, net			
Religious Education & Parish Ministries, net			
School Subsidy & Support			
Diocesan Assessment			
Other Operating Disbursements			
Total Operating Expenses			
Net Operating Income or (Loss)			
Non-Operating Income			
Interest, Dividends & Endowment Earnings			
Parish Capital Fund Drive, net			
Net Increase / (Decrease) in Loan Balance(s)			
Bequests & Special Receipts			
Designated Gifts, Bequests & Special Receipts			
Proceeds from the Sale of Surplus Property			
Parent Parish Receipts / (Payments)			
Diocesan & Special Collections, net			
Total Non-Operating Income			
Non-Operating Expense			
Interest Expense Charged on Loan(s)			
Capital Projects & Expenditures			
Total Non-Operating Expense			
Net Non-Operating Income or (Loss)			
NET INCOME or (LOSS)			

* This report has been prepared on a **Modified Cash Basis**, and does not include school operations other than school subsidy provided by the parish.

Cash Balances at June 30, 20xx:	Financial Liabilities at June 30, 20xx:
Checking & Petty Cash	Loan
Savings (Unrestricted)	Loan
Savings (Restricted)	
Endowment	
TOTAL CASH BALANCE AT JUNE 30, 20xx:	TOTAL LIABILITIES AT JUNE 30, 20xx:

(Parish)

REQUEST FOR TRANSFER OF FUNDS

DATE: _____

TO: _____ (Pastor)

FROM: _____ (Bookkeeper)

FROM ACCT: _____

TO ACCT: _____

FOR: _____

AMOUNT: _____

Current Account Balances:

(Savings Acct): _____

(Checking Acct): _____

Description of Items Covered in this Transfer:

Pastor Approval & Completion: _____

Date: _____

(Parish)

CHECK REQUEST

DATE: _____

PAYEE: _____

FROM: _____

FOR: _____

AMOUNT: _____

ACCOUNT: _____

Supervisor Approval: _____ Date: _____

Pastor Approval: _____ Date: _____

Appendix B



APPENDIX B

Chart of Accounts – Diocese of Sacramento	900-46
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Chart of Accounts – Diocese of Sacramento

ACCOUNT	TYPE
101. Cash – General Fund	Bank
101.1. Petty Cash	Bank
101.2. Main Checking Account	Bank
102. Savings Account	Bank
103. Cash – Donor Restricted Funds	Bank
103.1. Building Fund Checking	Bank
103.3. Annual Catholic Appeal Rebates	Bank
104.0 Building Fund Savings	Bank
105.0 Endowment Fund	Bank
105.1 MPE Endowment 99950	Bank
105.11 Corpus	Bank
105.12 Earnings	Bank
106.0 Parent Parish Payments	Bank
108.0 Funds Held in Trust	Bank
109.0 Other	Bank
200 Accounts Receivable	Other Current Asset
200.9 Other	Other Current Asset
230 Notes/Loans Receivable	Other Current Asset
230.9 Other	Other Current Asset
270 Investments & Stocks	Other Current Asset
270.9 Other	Other Current Asset
280 Other Assets	Other Asset
280.9 Other	Other Asset
300 Accounts Payable	Accounts Payable
320 Payroll Liabilities	Other Current Liability
320.3 Lay Employee Insurance Deducts	Other Current Liability
320.4 403b Contributions	Other Current Liability
320.5 Garnishments	Other Current Liability
320.9 Other	Other Current Liability
360 Funds Held In Trust	Other Current Liability
360.9 Other	Other Current Liability
380 Other Liabilities	Long Term Liability
380.1 Notes Payable	Long Term Liability
380.2 Equipment Leases	Long Term Liability
380.6 Parent Parish Obligation	Long Term Liability
380.9 Other	Long Term Liability
400 Opening Balance Equity	Equity
490 Fund Balance	Equity

ACCOUNT	TYPE
501 Offertory Collections	Income
501.1 Sunday	Income
501.2 Christmas	Income
501.3 Easter	Income
501.4 Holy Days	Income
501.5 Parish Mission Church	Income
501.51 Sunday	Income
501.52 Christmas	Income
501.53 Easter	Income
501.54 Holy Days	Income
501.59 Other	Income
501.9 Other	Income
502 Sacramental Services	Income
502.1 Baptisms	Income
502.2 Weddings	Income
502.3 Funerals	Income
502.4 Quinceaneras	Income
502.5 Mass Offerings	Income
502.9 Other	Income
510 Parish Societies	Income
510.1 Altar Societies	Income
510.9 Other	Income
525 Use of Plant Facilities (Net)	Income
530 Religious Articles & Books	Income
535 Donations & Unrestricted Gifts	Income
545 Charitable Donations	Income
545.1 Parish Special Collections	Income
545.19 Other	Income
545.3 Annual Catholic Appeal Rebate	Income
545.9 Other	Income
550 Religious Education	Income
550.1 Registration Fees	Income
550.2 Materials Fees	Income
550.3 Confirmation Fees	Income
550.5 Donations	Income
550.9 Other	Income
555 Parish Programs	Income
555.05 RCIA	Income
555.15 Youth Ministry	Income
555.20 Lay Ministerial Training	Income
555.25 Ecumenism/Evangelization	Income

ACCOUNT	TYPE
555.30 Hospitality	Income
555.95 Misc Activities & Events	Income
565 Parish Fund Raising Activities	Income
565.9 Other	Income
569 Other Receipts	Income
569.1 Designated Operating Receipts	Income
569.11 Building Maintenance	Income
569.13 School Support	Income
569.19 Other	Income
599 Uncategorized Income	Income
600 Payroll Expense Account	Expense
601 Salaries & Wages	Expense
601.1 Priest's Salaries	Expense
601.11 Pastor/Parochial Administration	Expense
601.12 Parochial Vicar	Expense
601.13 Priest in Residence	Expense
601.14 Extra (Supply) Priest	Expense
601.15 Tier I Priest's Offerings	Expense
601.16 Deacon Gifts	Expense
601.19 Other	Expense
601.2 Religious Salaries	Expense
601.3 Lay Salaries (W-2 Wages Only)	Expense
601.305 Administration	Expense
601.310 Bookkeeper	Expense
601.315 Building Maintenance	Expense
601.320 Business Manager	Expense
601.325 Grounds Maintenance	Expense
601.330 Housekeeper/Cook	Expense
601.335 Liturgical Services	Expense
601.340 Music Director & Musicians	Expense
601.345 Nursery Services	Expense
601.350 Receptionist	Expense
601.355 Religious Education	Expense
601.360 Secretary	Expense
601.365 Security	Expense
601.370 Wedding Coordinator	Expense
601.375 Youth Minister	Expense
601.395 Other	Expense
602 Payroll Taxes	Expense

ACCOUNT	TYPE
603 Employee Benefits	Expense
603.1 Priest's Employee Benefits	Expense
603.12 Priest's Retirement	Expense
603.13 Priest's Health Insurance	Expense
603.14 Vision Care	Expense
603.19 Other	Expense
603.2 Religious Employee Benefits	Expense
603.21 Worker's Comp Insurance	Expense
603.22 Religious Retirement	Expense
603.23 Religious Employee Insurance	Expense
603.24 Religious FICA Reimbursement	Expense
603.29 Other	Expense
603.3 Lay Employee Benefits	Expense
603.31 Worker's Comp Insurance	Expense
603.32 Lay Pension Plan	Expense
603.33 Lay Employee Insurance	Expense
603.34 Unemployment Insurance	Expense
603.35 403b Plan	Expense
603.39 Other	Expense
605 Automotive	Expense
605.1 Auto Insurance	Expense
605.2 Gas, Repairs & Maintenance	Expense
605.9 Other	Expense
610 Church	Expense
610.1 Repairs & Maintenance	Expense
610.11 Building	Expense
610.12 Equipment	Expense
610.19 Other	Expense
610.2 Telecommunications	Expense
610.3 Utilities	Expense
610.4 Liturgical Expense	Expense
610.44 Liturgical Supplies	Expense
610.48 Independent Contractor Payments	Expense
610.49 Other	Expense
610.9 Other	Expense
615 Rectory	Expense
615.1 Repairs & Maintenance	Expense
615.11 Building	Expense
615.12 Equipment	Expense
615.19 Other	Expense
615.2 Telecommunications	Expense
615.3 Utilities	Expense
615.4 Household Support	Expense

ACCOUNT	TYPE
615.8 Independent Contractor Payments	Expense
615.9 Other	Expense
620 Hall	Expense
620.1 Repairs & Maintenance	Expense
620.11 Building	Expense
620.12 Equipment	Expense
620.19 Other	Expense
620.2 Telecommunications	Expense
620.3 Utilities	Expense
620.4 Supplies	Expense
620.9 Other	Expense
623 Convent	Expense
623.1 Repairs & Maintenance	Expense
623.11 Building	Expense
623.12 Equipment	Expense
623.19 Other	Expense
623.2 Telecommunications	Expense
623.3 Utilities	Expense
623.4 Supplies	Expense
623.9 Other	Expense
625 Parish Center/Office	Expense
625.1 Repairs & Maintenance	Expense
625.11 Building	Expense
625.12 Equipment	Expense
625.19 Other	Expense
625.2 Telecommunications	Expense
625.3 Utilities	Expense
625.4 Supplies	Expense
625.5 Postage & Shipping	Expense
625.6 Outside Printing/Copies	Expense
625.8 Independent Contractor Payments	Expense
625.9 Other	Expense
628 Grounds Repair & Maintenance	Expense
628.4 Materials & Supplies	Expense
628.8 Independent Contractor Payments	Expense
628.9 Other	Expense
630 Religious Articles & Books	Expense
635 Property & Liability Insurance	Expense
640 Property Taxes & Assessments	Expense

ACCOUNT	TYPE
645 Charitable Donations	Expense
645.1 Parish Special Collections	Expense
645.19 Other	Expense
645.9 Other	Expense
650 Religious Education	Expense
650.1 Repairs & Maintenance	Expense
650.2 Telecommunications	Expense
650.4 Materials & Supplies	Expense
650.9 Other	Expense
655 Parish Programs	Expense
655.05 RCIA	Expense
655.10 Youth Ministry	Expense
655.15 Adult Religious Education	Expense
655.20 Lay Ministerial Training	Expense
655.25 Ecumenism/Evangelization	Expense
655.30 Hospitality	Expense
655.95 Misc. Activities & Events	Expense
660 School Subsidy	Expense
660.05 Fixed Subsidy	Expense
660.10 Additional Subsidy	Expense
660.15 School Expenses Paid by Parish	Expense
660.20 Tuition Assistance	Expense
660.25 Scholarships	Expense
660.30 Second & Special Collections	Expense
660.35 Adopt-A-Student	Expense
660.40 Fundraising Proceeds	Expense
660.45 Contributions FBO School Endowment	Expense
660.95 Other	Expense
665 Parish Fund Raising Activities	Expense
665.9 Other	Expense
669 Other Expenditures	Expense
669.05 Advertising	Expense
669.10 Bank Service Charges	Expense
669.15 Clergy Retreats & Continuing Ed	Expense
669.20 Due & Subscriptions	Expense
669.30 Occupancy Rent or Lease	Expense
669.35 Payroll Processing Charges	Expense
669.40 Professional Services	Expense
669.50 Seminarian Support	Expense
669.55 Travel	Expense
669.95 Miscellaneous Expense	Expense

ACCOUNT	TYPE
680 Diocesan Assessment	Expense
699 Uncategorized Expense	Expense
520 Interest & Dividends	Other Income
520.1 General Fund Accounts	Other Income
520.11 Main Checking Account	Other Income
520.19 Other	Other Income
520.2 Restricted Fund Accounts	Other Income
529.9 Other	Other Income
520.3 Endowment Earnings/Losses	Other Income
520.39 Other	Other Income
540 Bequests & Special Receipts	Other Income
540.1 Endowment Funds Received	Other Income
540.2 Memorials & Estate Gifts	Other Income
540.3 Insurance Settlements	Other Income
540.4 Use of Non-Plant Facilities	Other Income
540.41 Facilities Receipts	Other Income
540.42 Facilities Expense	Other Income
540.9 Other	Other Income
573 Parent Parish Receipts	Other Income
582 Capital Fund Drive	Other Income
582.1 (Campaign Name)	Other Income
582.11 Received from Pledges	Other Income
582.12 Memorials & Donations	Other Income
582.19 Other	Other Income
585 Designated Gift (Non-Operating)	Other Income
585.1 Building Fund	Other Income
585.2 Parish Improvements Fund	Other Income
585.9 Other	Other Income
588 Sale of Surplus Property	Other Income
590 Cemetery Income	Other Income
595 Diocesan & Special Collections	Other Income
595.10 Food Bowl	Other Income
595.15 Holy Land	Other Income
595.20 Peter's Pence (Holy Father)	Other Income
595.25 Visiting Missionary	Other Income
595.30 World Mission Sunday	Other Income
595.35 Catholic Relief Services	Other Income
595.40 Catholic Home Missions	Other Income
595.45 Church in Latin America	Other Income
595.5 Disaster Relief	Other Income

ACCOUNT	TYPE
595.55 Catholic Communications	Other Income
595.60 Diocesan Priests' Retirement	Other Income
595.65 Retirement Fund for Religious	Other Income
595.70 Campaign for Human Development	Other Income
595.80 Special Collection	Other Income
595.85 Annual Catholic Appeal (ACA)	Other Income
595.95 Other	Other Income
670 Interest Expense	Other Expense
670.9 Other	Other Expense
673 Parent Parish Expense	Other Expense
682 Capital Fund Drive	Other Expense
682.1 (Campaign Name)	Other Expense
682.11 Consultant Fees	Other Expense
682.12 Telecommunications	Other Expense
682.14 Materials & Supplies	Other Expense
682.15 Campaign Postage	Other Expense
682.16 Outside Printing/Copies	Other Expense
682.19 Other	Other Expense
682.2 PPBF Payments to Diocese	Other Expense
686 Capital Expenditures	Other Expense
686.1 Automobile >2K	Other Expense
686.19 Other	Other Expense
686.2 Equipment & Furniture>2K	Other Expense
686.29 Other	Other Expense
686.3 Buildings, Improvements, Land	Other Expense
686.39 Other	Other Expense
686.4 Capital Projects FBO School>2K	Other Expense
686.49 Other	Other Expense
686. Grounds Improvements >2K	Other Expense
686.59 Other	Other Expense
690 Cemetery Expense	Other Expense
695 Diocesan & Special Collections	Other Expense
695.10 Food Bowl	Other Expense
695.15 Holy Land	Other Expense
695.20 Peter's Pence (Holy Father)	Other Expense
695.25 Visiting Missionary	Other Expense
695.30 World Mission Sunday	Other Expense
695.35 Catholic Relief Services	Other Expense
695.40 Catholic Home Missions	Other Expense
695.45 Church in Latin America	Other Expense
695.50 Disaster Relief	Other Expense

ACCOUNT

TYPE

695.55	Catholic Communications	Other Expense
695.60	Diocesan Priests' Retirement	Other Expense
695.65	Retirement Fund for Religious	Other Expense
695.70	Campaign for Human Development	Other Expense
695.80	Special Collection	Other Expense
695.85	Annual Catholic Appeal (ACA)	Other Expense
695.95	Other	Other Expense

Account Definitions

BANK ACCOUNTS

101.0 Cash-General Fund

All funds that are available for day-to-day transactions are recorded in this category. Petty cash amounts set aside for the purpose of paying for small expenditures, checking accounts, and savings accounts are included in this category. This is a parent account, no entries are posted to this account.

101.1 Petty Cash

To record the initial creation of an imprest fund. This account provides for the amount of cash set aside for the purpose of making immediate small expenditures such as postage, freight, which, if paid by check, would cause delay, annoyance, and excessive expense of maintaining additional records. The fund is established with a definite amount of cash, and expenditures meet the same documentation requirements as expenditures from the general fund. To replenish the fund, issue a check to fund custodian charging proper expense account(s).

101.2 Main Checking Account

Money in this bank account is subject to withdrawal by check for general expenditures of the parish and for receiving deposits of all parish support and other revenues and receipts.

102.0 Savings Account

No more than two months normal operating cash is kept locally at the parish. Funds in excess of two months are deposited in the Parochial Fund Inc. with the Diocese of Sacramento. This fund serves as parish bank for the Diocese. Parishes are prohibited from depositing funds with other financial institutions.

103.0 Cash – Donor Restricted Funds

These monies are received with specific directives from donors and are classified in sub-accounts that match the designation of the donor's directives. This is a parent account. No entries are posted to this account.

103.1 Building Fund Checking

All funds received and designated for the purpose of a new building in the parish. Monies in this account are used for a project that is currently underway. Excess funds are deposited in account 104 Building Fund Savings.

104.0 Building Fund Savings

This fund is used to retain all monies designated for a building project planned by the parish. Funds from this account would be transferred to Account 103.1 – Building Fund Checking, as needed, once the project is underway.

105.0 Endowment Fund

The balance of all funds donated to the parish for which the donor indicated that the asset donated is to be invested and that only the income may be used. The credit of this transaction would be to the other income Account 540.1 Endowment Funds Received. This is a parent account. No entries are posted to this account.

105.1 MPE Endowment 99950

This parent account introduces two sub-accounts which give further detail to the balance in the endowment fund.

105.11 Corpus

Contributions to the endowment fund by individuals or other entities. Only donations which have been permanently restricted or endowed by the donor are entered here.

105.12 Earnings

Earnings added to or losses subtracted from, the balance in the endowment fund.

106.0 Parent Parish Payments

This account provides for the recording of receipts from neighboring parishes specifically designated for the founding and financing of a new parish.

108.0 Funds Held in Trust

This account provides for monies raised by parish societies and organizations that do not have a checking account of their own. The balance of this account must equal the balance of the companion liability account #360.

109.0 Other

Restricted funds that are not properly classified in any previous restricted fund account. However the use of this account is generally not advised.

OTHER CURRENT ASSETS**200.0 Accounts Receivable**

This parent account introduces accounts that record all monies that are due to the parish. These monies are given with a reasonable expectation of being repaid to the parish within the fiscal year. These may include salary advances, pledges due the parish and expenses paid for an elementary school for which the school needs to reimburse the parish: e.g. utilities, maintenance items. No entries are posted to this account.

200.9 Other

Receivables that are not properly classified into any other receivable account.

230.0 Notes/Loans Receivable

This parent account introduces a set of accounts used to record an amount due from a person or organization evidenced by a formal written agreement. Further breakdowns may be made by designating sub accounts e.g. 230.1, 230.2, etc. No entries are made to this account.

230.9 Other

Other notes/loans receivable that are not properly classified into any other notes/loans receivable account.

270.0 Investments & Stocks

This parent account introduces a set of accounts used to record CD's, treasury bills, government bonds, corporate stocks and bonds, and any other investments that are not savings, money market or certificate of deposit accounts. No entries are made to this account.

270.9 Other

Other investments that are not properly classified into any other investment account.

280.0 Other Assets

Any assets not included in the preceding accounts may be recorded in this account.

LIABILITIES**300.0 Accounts Payable**

A liability for amounts owed to persons, companies or organizations for goods or services purchased by the parish. Charges to this account will be reflected as an expense in the period that the bill is entered in Quick Books Pro. When the amounts charged to this account are paid, the payments are debited to this account.

320.0 Payroll Liabilities

This is a parent account for current liabilities associated with payroll activities. No entries are posted to this account.

320.3 Lay Employee Insurance Deducts

Amount withheld from lay employees for health, dental and supplemental life insurance. The balance of this account should be zero when the premiums have been paid. The amount charged to this account when the bill is paid is the amount that has been withheld from the employees' pay. The balance should be expensed to account 603.33 Lay Employee Insurance.

320.4 403(b) Contributions

Amounts withheld from an employees' pay for subsequent remittance into the employees' Tax Deferred Annuity or Mutual Fund account. These monies must be remitted to the employees' annuity or mutual fund account regularly. Consult the annuity or mutual fund company for information concerning the timing of payments

320.5 Garnishments

Amounts withheld from an employees' pay at the directive of a court order or notice from federal, state, or local government to garnish an employee's wages. Payroll must comply with that order.

320.9 Other

Amounts withheld for reasons other than listed in the above accounts.

360.0 Funds Held In Trust

Monies that are received from parish societies and organizations to hold for their use. The cash balance of trust funds with the parish is offset with corresponding balance is offset with a corresponding balance in a cash account #108 on the parish books.

360.9 Other

Amounts held for reasons other than listed in the above accounts.

380.0 Other Liabilities

Amounts in this parent account and sub accounts are debts that are owed that extend beyond a fiscal year. These long-term liabilities may extend two or more years. No entries are posted to this account.

380.1 Notes Payable

The unpaid balance of loans outstanding. Loan payments are posted to this account. Loan interest is credited to this account and debited to account 670 Interest Expense at the end of each quarter.

380.2 Equipment Leases

The unpaid balance of contractual agreements to lease equipment, tools, and machinery.

380.6 Parent Parish Obligation

Monies recorded in this account are those that represent the unpaid balance of monies promised to a new parish for its upstart and building.

380.9 Other

Amounts due on a long-term basis that are not categorized in the preceding accounts in this category.

EQUITY ACCOUNTS**400.0 Opening Balance Equity**

The account is used to record the opening balance of a new set of books, i.e. when a company is first started. For every balance sheet account you set up with an opening balance, QuickBooks records the amount of the opening balance in this account.

490.0 Fund Balance (Retained Earnings)

These are monies from previous fiscal years that are carried forward to the current fiscal year. If you have data for more than one fiscal year, the QuickBooks balance sheet has a balance for the Retained Earnings account equal to the net profit from prior fiscal years. The balance for the Retained Earnings account does not display on the chart of accounts. This account is equal to the assets less the liabilities. It is increased or decreased at the end of each fiscal year for the amount of income over or (under) expenditures.

INCOME ACCOUNTS**501.0 Offertory Collections**

This parent income account introduces a set of accounts that record offertory donations that are sent in the mail or received from the Offertory collections taken up at Mass. These amounts are subject to the Offertory assessment policy of the Diocese of Sacramento. No entries are posted to this account. The total of this account is entered on Line 2 of the Annual Parish Financial Report.

501.1 Sunday

Ordinary Saturday and Sunday envelope collections are record in this account.

501.2 Christmas

This account records offertory collections received at the Christmas Masses.

501.3 Easter

This account records offertory collections received at the Easter Masses.

501.4 Holy Days

This account records offertory collections at Holy Day masses.

501.5 Parish Mission Church

This parent income account introduces a set of accounts that record the offertory donations that are either sent in the mail or from the Offertory collections taken up at Mass in parish mission (satellite) churches. No entries are posted to this account. The total of these accounts for each mission is entered on Lines 3-5 of the Annual Parish Financial Report.

501.51 Sunday

The ordinary offertory from the Saturday vigil and Sunday collections collected in the mission church.

501.52 Christmas

This account records offertory collections received at Christmas Masses in the mission church.

501.53 Easter

This account records offertory collections received at Easter Masses in the mission church.

501.54 Holy Days

This account records offertory collections at Holy Day masses in the mission church.

501.59 Other

Any other offertory receipts received from a Mission Church not covered by other accounts in this section, including offertory collections taken on Thanksgiving Day.

501.9 Other

Any other offertory receipts not covered by other accounts in this section, including offertory collections taken on Thanksgiving Day.

502 Sacramental Services

This parent account introduces accounts that record all monies received as a direct result of administering a particular sacrament. No entries are posted to this account. The total of these accounts is entered on Line 7 of the Annual Parish Financial Report.

502.1 Baptisms

Donated monies received from the administering of the sacrament of Baptism. The offering given at baptism goes to the parish. If a gift, over and above the parish offering is made freely and spontaneously to the officiating cleric, he may keep it.

502.2 Weddings

Donated monies received from the administering of the sacrament of Matrimony. The offering or fee given for marriage goes to the parish. If a gift, over and above the parish offering is made freely and spontaneously to the officiating cleric, he may keep it.

502.3 Funerals

Priests are given the choice of selecting from a two-tier method. (See remuneration of priests in Active Ministry, 1. Compensation, B. Offerings). Tier I the priest retains offerings for funerals. In Tier II the priest turns in offerings for funeral in the parish. This account records money received from funerals if priests are using the Tier II option.

502.4 Quinceaneras

The offering or fee given for quinceaneras goes to the parish and is recorded in this account.

502.5 Mass Offering

Priests are given the choice of selecting from a two-tier method. (See Remuneration of priests in Active Ministry, 1. Compensation. B. Offerings). In Tier I the priest retains mass offerings. In Tier II the priest turns in mass offerings to the parish. This account records money received from masses if priests are using the Tier II option. Additionally, offerings received for special blessings of homes, animals, etc. are also recorded in this account.

502.9 Other

Miscellaneous receipts generated from priestly services such as blessings of animals, homes, et. al. that are not categorized in the preceding accounts.

510.0 Parish Societies

This parent account introduces accounts that record the amount of donations and cash transfers collected by or on behalf of parish societies. No entries are posted to this account. The total of these accounts is entered on Lines 8-10 of the Annual Parish Financial Report.

510.1 Altar Society

Amounts collected by this society for the benefit of their ministry are recorded in this account.

510.9 Other

Miscellaneous receipts for societies not categorized in the preceding accounts.

525.0 Use of Plant Facilities (Net)

Receipts from the use and rental of parish facilities e.g. rental of hall, cafeteria, gym and church are recorded in this account. The total of this account is entered on Line 11 of the Annual Parish Financial Report.

530.0 Religious Articles & Books

Receipts from the sale of religious articles in the parish to include the merchandise sold in the vestibule of churches, religious articles in a small religious articles store, sale of candles, or religious goods sold from the rectory. Expenditures for these items are recorded in account 630. The total of both accounts is netted and entered on Line 12 of the Annual Parish Financial Report.

535.0 Donations & Unrestricted Gifts

Represents monies received from individuals and organizations that may be used for parish activities. These gifts have no designation as to their use. These monies are also outside of offertory collections. The net total of both accounts is entered on Line 13 of the Annual Parish Financial Report.

545.0 Charitable Donations

Represents monies received from individuals and organizations that are specifically designated as charity. These monies are outside of offertory collections and may be designated for a specific charitable use. Expenditures for this account are recorded in accounts 645.1 – 645.9. The net total of these accounts is entered on Line 40 of the Annual Parish Financial Report.

545.1 Parish Special Collections

Collections of monies that are designated by the parish for a specific charitable cause. Examples of these types of collections include any collections for charitable programs that are funded by the parish.

545.3 Annual Catholic Appeal Rebate

Collection of monies that is rebated back to the parish by the Diocese. It represents 25% of the monies that the parish collected for the Annual Catholic Appeal.

545.9 Other

Collections of monies that are donated to the parish.

550.0 Religious Education

This parent account introduces accounts that record amounts collected by or on behalf of the religious education program for pre-school through high school which may include: tuition, fees, donations, or assessments. No entries are posted to this account. Expenditures from these accounts are posted to accounts 650.1 – 650.9. The net total of these accounts is entered on Line 41 of the Annual Parish Financial Report.

550.1 Registration Fees

Fees collected for program enrollment.

550.2 Materials Fees

Fees collected to offset the cost of program materials.

550.3 Confirmation Fees

Fees collected from those preparing for Confirmation.

550.4 Donations

Monies received in support of the Religious Education program, including donations from individuals and parish collections for the benefit of the Religious Education program.

550.9 Other

Miscellaneous fees or other receipts not included above.

555.0 Parish Programs

This parent account records all income received for the use by a particular parish program. Monies are typically used within a fiscal year. No entries are posted to this account. Expenditures for these accounts are posted to accounts 655.1 – 655.9. The net total of these accounts is entered on Lines 14-16 of the Annual Parish Financial Report.

555.05 RCIA

Income used for the current operations of this program.

555.15 Youth Ministry

Income used for the current operations of this program.

555.20 Lay Ministerial Training

Income used for the development and education and training of lay ministers.

555.25 Ecumenism/Evangelization

Income used for the promoting of unity among Christian Churches, promoting friendly relations between different religions; preaching and ministry to convert people to Christianity.

555.30 Hospitality

Income used for welcoming new parishioners.

555.95 Misc. Activities & Events

Income for parish programs not included in the previous accounts in this section.

565.0 Parish Fund Raising Activities

This parent account introduces accounts that record income realized as a result of fundraising activities that may include parish socials, candy sales, raffles, and auctions. No entries are posted to this account. Expenditures for these accounts are posted to accounts 665.1 - 665.9. The net total of these accounts is entered on Lines 17-19 of the Annual Parish Financial Report.

565.9 Other

Income for parish fund raising not included in other specific fund raising accounts.

569.0 Other Receipts

This parent account introduces accounts that record monies received during the year as part of the normal operations of the parish that are not included elsewhere in the chart of accounts for Income. No entries are posted to this account. The net total of these accounts is entered on Lines 20-22 of the Annual Parish Financial Report.

569.1 Designated Operating Receipts

This account records income received from donors who have designated their gift be used for specific parish operating needs.

569.11 Building Maintenance

Monies received for the normal care and upkeep of buildings.

569.13 School Support

Monies received for the care and needs of a parish school, such as from second collections. Expenditures from this account are recorded in accounts in the 660 section of accounts.

569.19 Other

Designated income from any source not included in the above accounts.

599.0 Uncategorized Income

This account is generally never used. Used only for a temporary, unique circumstance and must have a zero balance at end of fiscal year.

EXPENSE ACCOUNTS

600.0 Payroll Expense Account

This parent account introduces a set of accounts dedicated to all current operating expense transactions. No entries are posted to this account.

601.0 Salaries and Wages

This parent account introduces a set of accounts specifically dedicated to employee salary and wages. No entries are posted to this account. The total of these accounts is entered on Line 25 - 27 of the Annual Parish Financial Report.

601.1 Priest's Salaries

This set of accounts is dedicated to salary transactions for clergy including base salary, years of service, Mass offerings, vacation pay and payments to extra clergy and deacons. The total of this account is recorded on Line 25 of the Annual Parish Financial Report.

601.11 Pastor/Parish Administrator

Records gross salary of the Pastor or Parish Administrator.

601.12 Parochial Vicar

Records gross salary of Assistant Pastor.

601.13 Priest in Residence

Records gross salary for priest living in parish and not officially assigned to a position.

601.14 Extra (Supply) Priest's

Records payments to priest's who visit the parish on various occasions and qualify for payments. Also referred to as "Supply Priests". See Remuneration of Priests in Active Ministry schedule for amounts paid for each activity of a supply priest.

601.15 Tier I Priest's Offerings

This account is used for priests who want the parish to record his receipt of offerings. If this account is used, the amount is included on the priests W-2 at the end of the year.

601.16 Deacon Gifts

Records the amount paid to the parish deacon. If Deacon serves as Youth Minister, or Music Minister, then record compensation in that account.

601.19 Other

Records amounts not included in the above accounts for this section.

601.2 Religious Salaries

This account records the total amount of gross compensation paid to Sisters, Brothers and other Religious during the year. The total of this account is entered on Line 26 of the Annual Parish Financial Report.

601.3 Lay Salaries (W-2 Wages Only)

This parent account introduces a set of accounts that record only W-2 wages, not payments to independent contractors. The balance of this account equals the total of all sub-accounts. The total of these accounts is entered on Line 27 of the Annual Parish Financial Report.

601.305 Administration

Records gross salary for lay administrators of parish.

601.310 Bookkeeper

Records gross salary for parish bookkeeper.

601.315 Building Maintenance

Records gross salary of janitors.

601.320 Business Manager

Records gross salary of business manager.

601.325 Grounds Maintenance

Records gross salary of person(s) who maintain gardens and lawns of parish.

601.330 Housekeeper/Cook

Records gross salary of the person who cooks and/or cleans the rectory.

601.335 Liturgical Services

Records gross salary of employees providing services at or for parish masses and liturgical functions.

601.340 Music Director & Musicians

Records gross salary for music director.

601.345 Nursery Services

Records gross salary for person(s) who provide these services during masses and other times.

601.350 Receptionist

Records gross salary for parish receptionist.

601.355 Religious Education

Records gross salary for lay religious education salaries.

601.360 Secretary

Records gross salary for parish secretary.

601.365 Security

Records gross salary of person hired for security. Note, this is not an independent contractor.

601.370 Wedding Coordinator

Records gross salary of the person who coordinates weddings.

601.375 Youth Minister

Records gross salary of person who serves as parish youth minister.

601.395 Other

Records gross salary of persons not included in the above accounts.

602.0 Payroll Taxes

This account records the total amount paid during the year for the employer's share of payroll taxes on lay wages. Only the employer's share of Social Security and Medicare taxes should be reported in this account. The total of this account is entered on Line 28 of the Annual Parish Financial Report.

603.0 Employee Benefits

This parent account introduces a set of accounts specifically dedicated to employee benefits. No entries are posted to this account.

603.1 Priest's Employee Benefits

This parent account introduces accounts specifically dedicated to clergy benefits. No entries are posted to this account. The total of this account is entered on Line 29 of the Annual Parish Financial Report.

603.12 Priest's Retirement

This account records premiums paid by the parish to the Priests Retirement Plan.

603.13 Priest's Health Insurance

This account records premiums paid by the parish to the Diocesan Aid Society for priest's health insurance.

603.14 Vision Care

This account records documented expenditures paid by the parish for clergy vision care up to a maximum of \$300 per fiscal year.

603.19 Other

This account records any expenditures for clergy benefits not included in the above accounts.

603.2 Religious Employee Benefits

This parent account introduces accounts specifically dedicated to religious benefits for sisters, brothers and priests of religious orders. No entries are posted to this account. The total of this account is entered on Line 30 of the Annual Parish Financial Report.

603.21 Worker's Comp Insurance

This account records the amount paid on behalf of a religious for workers' compensation.

603.22 Religious Retirement

This account records amounts paid to a congregation of women's religious of 5.5% of gross compensation for retirement benefits upon meeting the one year of service eligibility requirement with the diocese.

603.23 Religious Employee Insurance

This account records amounts paid on behalf of a religious for employee insurance, workers' compensation and leave benefits.

603.24 Religious FICA Reimbursement

This account records amounts paid to a religious for an amount equal to the employer's share of comparable Medicare (1.45% of gross compensation) and Social Security (6.2% of gross compensation) contributions.

603.29 Other

This account records any expenditure for religious benefits not included in the above accounts.

603.3 Lay Employee Benefits

This parent account introduces accounts specifically dedicated to lay employee benefits including

Worker's Compensation insurance, contributions to the lay employee's pension plan, premiums for lay employee insurance, unemployment insurance, etc. No entries are posted to this account. The total of this account is entered on Line 31 of the Annual Parish Financial Report.

603.30 Worker's Comp. Insurance

This account records amounts paid for worker's compensation. This amount is billed by the Diocese as part of the annual property and liability insurance invoice that is received from the diocesan finance office.

603.31 Lay Pension Plan

This account records the amount paid to the Diocese of Sacramento on a monthly basis. This amount is calculated as 5.5% as of all lay employee's gross earnings.

603.32 Lay Employee Insurance

This account records amounts paid for lay employee insurance.

603.34 Unemployment Insurance

This account records amounts paid for unemployment insurance. The amount is billed by the Diocese of Sacramento as part of the annual property and liability invoice that is received from the diocesan finance office.

603.35 403b Plan

Records employee's contributions to their 403b plans.

603.39 Other

This account records amounts paid during the year for lay employee benefits not categorized in the previous accounts of this section.

605.0 Automotive

This parent account introduces a set of accounts dedicated to automotive expenses including insurance, gasoline and mileage reimbursements, car repairs and maintenance. Auto insurance on parish-owned cars is billed to the parish as part of the annual property and liability insurance invoice that the parish receives from the diocesan finance office. No entries are posted to this account. The total of this account is entered on Line 32 of the Annual Parish Financial Report.

605.1 Auto Insurance

This account records amounts that are paid to a priest for reimbursement of the actual cost of auto insurance not to exceed \$1,750 per fiscal year and/or insurance paid for parish owned vehicle. Priests may receive reimbursement for insuring only one personal vehicle.

605.2 Gas, Repairs & Maintenance

This account records amounts paid for parish owned vehicles for gas, repairs and maintenance for ministerial use of their vehicles. Also records gasoline expenses reimburse to priests and mileage reimbursements paid to visiting priests for ministerial use of their vehicles.

605.9 Other

This account records any automotive expenses not covered in the previous automotive allowances.

610.0 Church

This parent account introduces a set of accounts that record the total amount paid during the year for church related expenses, including repairs and maintenance, telephone, utilities, liturgical expenses including payments to independent contractor musicians, offertory envelopes, etc. No entries are posted to this account. The total of this account is entered on Line 33 of the Annual Parish Financial Report.

610.1 Repairs and Maintenance

Expenditures for church upkeep. No entries are posted to this account, but are posted to one of the following sub-accounts.

610.11 Building

Expenses specifically related to the repair and maintenance of the church building.

610.12 Equipment

Expenses specifically related to the repair and maintenance of the church equipment.

610.19 Other

Any other church related repair and maintenance expenses not covered by other accounts in this section.

610.2 Telecommunications

Expenditures for church telephone.

610.3 Utilities

Expenditures for church utilities.

610.4 Liturgical Expense

This parent account introduces sub-accounts that record expenditures for liturgical celebrations paid by the parish for funerals, masses, baptisms, weddings, feast days, vigils, etc.

610.44 Liturgical Supplies

Expenditures for any items used in liturgies paid for by the parish.

610.48 Independent Contractor Payments

Expenditures for those who provide services to carry out the liturgical functions and are bona fide independent contractors, e.g. musicians and vocalists. See section of this handbook on Independent Contractors.

610.49 Other

Expenditures for liturgical supplies not covered by other accounts not covered in this section.

610.9 Other

Expenditures for church related items not covered in the above accounts of this section.

615 Rectory

This parent account introduces a set of accounts that record the total amount paid during the year for rectory related expenses, including repairs and maintenance, telephone, utilities, household support, etc. No entries are posted to this account. The total of this account is entered on Line 34 of the Annual Parish Financial Report.

615.1 Repairs & Maintenance

This account records expenditures for less than \$2,000 which may include replacement of appliances, plumbing, electrical, equipment and grounds, maintenance of buildings and cleaning supplies. No entries are posted to this account, but are posted to one of the following sub-accounts.

615.11 Building

Expenses specifically related to the repair and maintenance of the rectory building.

615.12 Equipment

Expenses specifically related to the repair and maintenance of rectory equipment.

615.19 Other

Any other rectory related repair and maintenance expense not covered by other accounts in this section.

615.2 Telecommunications

This account records expenditures for phone, internet services, faxlines and their installation costs.

615.3 Utilities

Expenditures for rectory utilities.

615.4 Household Support

Expenditures for food and other rectory living expenses.

615.8 Independent Contractor

Expenditures for those who supply services for lawn and house cleaning who are not employees of the parish. See section of this handbook on Independent Contractors.

615.9 Other

Expenditures for rectory not covered by other accounts in this section.

620.0 Hall

This parent account introduces a set of accounts that record the total amount paid during the year for hall related expenses including repairs and maintenance, telephone, utilities, hall supplies, etc. No entries are posted to this account. The total of this account is entered on Line 35 of the Annual Parish Financial Report.

620.1 Repairs & Maintenance

Expenditures for less than \$2,000 for the repair and maintenance of the hall building and equipment. No entries are posted to this account, but are posted to one of the following sub-accounts.

620.11 Building

Expenses specifically related to the repair and maintenance of the hall building.

620.12 Equipment

Expenses specifically related to the repair and maintenance of the hall equipment.

620.19 Other

Any other hall related repair and maintenance expenses not covered by other accounts in this section.

620.2 Telecommunications

Expenditures for phones located in the hall.

620.3 Utilities

Expenditures for hall utilities.

620.4 Supplies

Items used to service and run the activities of the hall which may include: paper towels, coffee urns, garbage bags, tables, chairs, fragrance canisters, and a host of other items.

620.9 Other

Expenditures for the hall not covered by other accounts in this section.

623.0 Convent

This parent account introduces a set of accounts that record the total amount paid during the year for convent related expenses including repairs and maintenance, telecommunications, utilities, etc. At the end of the year, generally these expenses are summarized together with hall expenses and recorded on Line 35 of the Annual Parish Financial Report. No entries are posted to this account.

623.1 Repairs & Maintenance

Expenditures for less than \$2,000 for the repair and maintenance of the convent building and equipment. No entries are posted to this account, but are posted to one of the following sub-accounts.

623.11 Building

Expenses specifically related to the repair and maintenance of the convent building.

623.12 Equipment

Expenses specifically related to the repair and maintenance of convent equipment.

623.19 Other

Any other convent related repair and maintenance expenses not covered by other accounts in this section.

623.2 Telecommunications

Expenditures for phone, internet services, fax lines and their installation and care costs.

623.3 Utilities

Expenditures for convent utilities.

623.4 Supplies

Items used to service and run the activities of the convent other than repair and maintenance supplies categorized in preceding accounts in this section.

623.9 Other

Expenditures for the convent not covered by other accounts in this section.

625.0 Parish Center/Office

This parent account introduces a set of accounts that record the total amount paid during the year for office related expenses including repairs and maintenance of building and equipment, telephone/fax, utilities, office supplies, postage and shipping, outside printing and copies, office equipment lease, payments to independent contractors, etc. No entries are posted to this account. The total of this account is entered on Line 36 of the Annual Parish Financial Report.

625.1 Repairs & Maintenance

This parent account introduces accounts for specific items for repair and maintenance. No entries are posted to this account, but are posted to one of the following sub-accounts.

625.11 Building

Expenditures under \$2,000 for the care and maintenance of the office building which may include paint, supplies, window cleaning, carpet cleaning, etc.

625.12 Equipment

Expenditures under \$2,000 for the repair and maintenance of office equipment which may include fax machines, printers, computers, stamp machines, paper cutters, etc.

625.19 Other

Expenditures for repairs and maintenance not covered by other accounts in this section.

625.2 Telecommunications

Expenditures for phone, internet services, fax lines and their installation and care costs.

625.3 Utilities

Expenditures for parish center and office utilities.

625.4 Supplies

Expenditures for paper, pens, toner, printer cartridges and office equipment that costs less than \$2,000.

625.5 Postage & Shipping

Expenditures on for postage and shipping.

625.6 Outside Printing/Copies

Expenditures for all costs for reproduction services sent to outside vendors.

625.8 Independent Contractor Payments

Expenditures for services from individuals who are not employees of the parish for office related expenses. See section of this handbook on Independent Contractors.

625.9 Other

Expenditures for parish center and office not covered by other accounts in this section.

628.0 Grounds Repair & Maintenance

This parent account introduces a set of accounts that record the total amount paid during the year for the upkeep, repair and maintenance of the parish grounds, including payments to independent contractors. No entries are posted to this account. The total of this account is entered on Line 37 of the Annual Parish Financial Report.

628.4 Materials & Supplies

This account records expenditures under \$2000 for sprinkler systems and parts, fertilizers, plants, pathway materials, lawn equipment and parts.

628.8 Independent Contractor Payments

Expenditures for services from individuals who are not employees of the parish for grounds repair and maintenance. See section of this handbook on Independent Contractors.

628.9 Other

Expenditures for items not covered by the other accounts in this section.

630.0 Religious Articles & Books

This account records the purchase of items for resale including votive candles and other religious articles and books. Entries in this account are netted against the income account 530, and reported on Line 12 of the Annual Parish Financial Report.

635.0 Property & Liability Insurance

This account records expenditures paid during the year for property and liability insurance. The total of this account is entered on Line 38 of the Annual Parish Financial Report.

640.0 Property Taxes & Assessments

This account records expenditures paid during the year for personal property taxes, real property taxes, levies, and assessments on parish owned properties. The total of this account is entered on Line 39 of the Annual Parish Financial Report.

645.0 Charitable Donations

This account introduces a set of accounts that record expenditures for charitable purposes. The total of this account is netted against the income account 545 and reported on Line 40 of the Annual Parish Financial Report. No entries are posted to this account.

645.1 Parish Special Collections

This parent account introduces sub-accounts which record expenditures of funds received from special collections income, account 545.1. No entries are posted to this account, but are posted to one of the following sub-accounts.

645.19 Other

This account records expenditures for charitable donations not covered in the preceding accounts of this section.

645.9 Other

This account records expenditures for charitable donations not covered in the preceding accounts of this section.

650.0 Religious Education

This parent account introduces a set of accounts that record the total amount paid during the year for expenses in the religious education program for pre-school through high school, excluding salary amounts paid to parish staff. No entries are posted to this account. Entries in this account are netted against the income account 550 and reported on Line 41 of the Annual Parish Financial Report.

650.1 Repairs and Maintenance

Expenditures that are directly assigned to religious education for upkeep and repairs to the facility where this ministry serves.

650.2 Telecommunications

Expenditures for phone, internet services, fax lines and their installation and care costs.

650.4 Materials and Supplies

This account records expenditures for books, supplies, etc. used in this ministry.

650.9 Other

Expenditures for religious education not covered in the preceding accounts of this section.

655.0 Parish Programs

This parent account introduces a set of accounts that record the total amount paid during the year for expenses of parish programs. No entries are posted to this account. Income for these accounts is recorded in accounts 555.1 - 555.9. The net total of these accounts is entered on Lines 14-16 of the Annual Parish Financial Report.

655.05 RCIA

Expenditures for any supplies, materials, etc. not to include salaries.

655.10 Youth Ministry

Expenditures for any supplies, materials, etc. not to include salaries.

655.15 Adult Religious Education

Expenditures for any supplies, materials, etc. not to include salaries.

655.20 Lay Ministerial Training

Expenditures for any supplies, materials, workshops, and fees for consultants.

655.25 Ecumenism/Evangelization

Expenditures for supplies, materials, travel that serves to foster unity among various religions/churches, or serves to announce the Word of God to those unfamiliar with the Christian ethos.

655.30 Hospitality

Expenditures for food, beverage and supplies used to host guests. Also may record expenses of pastor to host ministries, thank you meals, etc. for parish members.

655.95 Misc. Activities & Events

Expenditures for parish programs not covered in preceding accounts in this section.

660.0 School Subsidy

This parent account introduces a set of accounts that record the amount paid during the year to the parish school as direct subsidy, scholarships, or any other amounts paid by the parish in support of the school. No entries are posted to this account. The total of this account is entered on Line 42 of the Annual Parish Financial Report.

660.05 Fixed Subsidy

This expenditure is the amount of subsidy stated in the parish budget at the beginning of a fiscal year and usually paid in regular increments to the school.

660.10 Additional Subsidy

This expenditure is the amount of unplanned, and unbudgeted, money transferred to the school by the parish.

660.15 School Expenses Paid by Parish

This account records expenses paid by the parish on behalf of the school.

660.20 Tuition Assistance

Expenditures specifically designated for tuition assistance paid by the parish to the school to be used only for tuition assistance.

660.25 Scholarships

Expenditures specifically designated for scholarships paid by the parish to the school.

660.30 Second & Special Collections

Records the transfer of monies received from second collections that are designated for school operations. Income for these expenditures is recorded in account 569.13.

660.35 Adopt-A-Student

Expenditures intend to assist needy students who may be unable to pay the full cost of their tuition.

660.40 Fundraising Proceeds

Proceeds allocated to a school as a result of parish fundraising events.

660.45 Contributions FBO School Endowment

Expenditures from this account record only the transfer of school endowment monies that were received by the parish and recorded as income in either account 540.1 or 585.3.

660.95 Other

Expenditures for the support of the school not covered in preceding accounts in this section.

665.0 Parish Fund Raising Activities

This parent account introduces a set of accounts that records expenditures from parish fund raising activities. No entries are posted to this account.

665.9 Other

Expenditures from parish fund raising not covered by other accounts in this section.

669.0 Other Expenditures

This parent account introduces a set of accounts that record expenditures for many expenses not previously described. No entries are posted to this account. The total of this account is entered on Lines 44-45 of the Annual Parish Financial Report.

669.05 Advertising

Expenditures for newspaper ads, yellow pages, radio/TV promotions, handouts that advertise parish activities.

669.10 Bank Service Charges

Expenditures for fees charged by banks for check printing, non-sufficient funds checks and account maintenance fees.

669.15 Clergy Retreats & Continuing Ed

Expenditures for costs of parish priests who attend an annual retreat or participate in bona fide continuing education classes. See Remuneration of Priests in Active Ministry schedule for allowable amounts in this account.

669.20 Dues & Subscriptions

Expenditures for membership dues and subscriptions to magazines and journals for the purpose of parish business and ministries.

669.30 Occupancy Rent or Lease

Expenditures for rented or leased facility, such as a storage locker or facilities rented for special events.

669.35 Payroll Processing Charges

Expenditures for fees and expenses in processing the parish payroll. e.g.

669.40 Professional Services

Expenditures for individuals who assist the parish in carrying out its business activity e.g. attorneys

669.50 Seminarian Support

Expenditures for in resident seminarian

669.55 Travel

Expenditures for plane, train, bus fares for the purpose of parish business.

669.95 Miscellaneous Expense

Expenditures for the parish which are not included in the preceding accounts.

680.0 Diocesan Assessment

This account records all expenditures for paying the annual assessment levied by the Diocese of Sacramento on the previous year's Offertory Collections. This total of this account is entered on Line 43 of the Annual Parish Financial Report.

699.0 Uncategorized Expense

This account is rarely used, and generally should not be used. If used, it should record expenditures for a very short period of time. This account must have a zero balance at the end of the fiscal year.

OTHER INCOME ACCOUNTS**520.0 Interests & Dividends**

This parent account introduces a set of accounts that record interest and dividends from various sources including parish cash accounts, savings, endowment accounts and restricted funds accounts. No entries are posted to this account. The total of this account is posted to Line 48 of the Annual Parish Financial Report.

520.1 General Fund Accounts

This parent account introduces sub-accounts which record interest income received from unrestricted savings and checking accounts. No entries are posted to this account.

520.11 Main Checking Account

This is that main checking account of the parish.

520.19 Other

Income not recorded in any preceding account in this section.

520.2 Restricted Fund Accounts

This account introduces sub-accounts which record income received from accounts that are designated for a specific use. These funds are made up of contributions for which donor-imposed restrictions temporarily limit the parish's use of an asset. No entries are posted to this account.

520.29 Other

Income from designated funds not recorded in any preceding account in this section.

520.3 Endowment Earnings/Losses

Earnings and losses, from endowed monies placed in The Catholic Foundation.

520.39 Other

Income from endowed funds not recorded in any preceding account in this section.

540.0 Bequests

This parent account introduces sub-accounts which record amounts received in accordance with the terms of a will. If the will placed restrictions on the use of the assets, the pastor is LEGALLY OBLIGATED to use them in accordance with these terms. Endowment Funds, memorials and donations, and monies resulting from insurance settlements are also recorded in this account. No entries are posted to this account, but are posted to one of the following sub-accounts. The total of this account is posted to Line 52 of the Annual Parish Financial Report.

540.1 Endowment Funds Received

This account records bequests that are designated as endowed. These Funds are contributions for which donor-imposed restrictions permanently limit the parish's use of an asset.

540.2 Memorials & Estate Gifts

Bequests, gifts and memorial donations from individuals or estates.

540.3 Insurance Settlements

Monies received in settlement of insurance claims.

540.4 Use of Non-Plant Facilities

This parent account introduces sub-accounts which record the income and expense related to the operation of off-site buildings for which the parish receives income and/or incurs expenses. An example would be real property near the church which the parish owns and may rent out. No entries are posted to this account, but are posted to one of the following sub-accounts.

540.41 Facilities Receipts

Receipts associated with the use of real property which the parish owns beyond the facilities of the parish plant.

540.42 Facilities Expense

Expenses such as utilities and maintenance associated with real property which the parish owns beyond the facilities of the parish plant.

540.9 Other

Any other bequests not recorded in the preceding accounts.

573.0 Parent Parish Receipts

Income received from neighboring parishes and/or the Diocese in support of a new parish.

582.0 Capital Fund Drive

This parent account introduces a set of accounts that record income raised from a capital campaign. No entries are posted to this account.

582.1 (Campaign Name)

This parent account introduces a set of accounts for a specific campaign. No entries are posted to this account.

582.11 Received from Pledges

This account records income as it is received from those who pledged monies to the capital campaign.

582.12 Memorials & Donations

Income received for a capital campaign given in the name of a deceased person or a special event intended as a reminder of the person or event.

582.19 Other

Capital campaign revenues received not recorded in preceding accounts.

585.0 Designated Gift (Non-Operating)

This account introduces a set of accounts for income (gifts) that are restricted to fund various projects or purchase items that are not covered in the normal operational part of this chart of accounts. No entries are posted to this account. The total of this account is posted to Line 52 of the Annual Parish Financial Report.

585.1 Building Fund

This account records income from gifts used to finance capital expenditures related to parish buildings.

585.2 Parish Improvements Fund

Income from gifts used to make improvements to parish facilities.

585.9 Other

Designated gifts of money not recorded in preceding accounts.

588.0 Sale of Surplus Property/Equipment

This account records income from the sale of real or personal property, as well as the liquidation of any non-cash (stocks/bonds) investments. The total of this account is posted to Line 53 of the Annual Parish Financial Report.

589.0 Cemetery Income

Monies received in connection with the operation of a parish cemetery. The cemetery expense account is 690. This account is netted with the expense account and is posted together on Line 62 of the Annual Parish Financial Report.

595.0 Diocesan & Special Collections

This parent account introduces a set of accounts to record the monies collected by the parish for various Diocese of Sacramento activities and special collections. No entries are posted to this account. Disbursements from these accounts are recorded in accounts 695.10 - 695.95. The total of this account is

posted to Line 55 of the Annual Parish Financial Report.

595.10 Food Bowl

Monies received in support of the Food Bowl.

595.15 Holy Land

Monies collected for the Diocese of Sacramento to support projects in the Holy Land.

595.20 Peter's Pence (Holy Father)

Monies collected for the Diocese of Sacramento's Holy Father collection in support of disadvantaged peoples throughout the world.

595.25 Visiting Missionary

Monies collected by the parish for the benefit of an Order or entity represented by a missionary visiting the parish, usually as part of a visitation schedule approved by the Diocese of Sacramento.

595.30 World Mission Sunday

Monies collected for the Diocese of Sacramento in support of World Mission Sunday.

595.35 Catholic Relief Services

Monies collected for the Diocese of Sacramento in support of Catholic Relief Services.

595.40 Catholic Home Missions

Monies collected for the Diocese of Sacramento in support of Catholic Home Missions

595.45 Church in Latin America

Monies collected for the Diocese of Sacramento in support of the Church in Latin America.

595.50 Disaster Relief

Monies collected by the parish for the purpose of helping those who have been affected by some form of disaster.

595.55 Catholic Communications

Monies collected for the Diocese of Sacramento in support of Catholic Communications.

595.60 Diocesan Priest's Retirement

Monies collected for the Diocese of Sacramento in support of the Diocesan Priest's Retirement fund.

595.65 Retirement Fund for Religious

Monies collected for the Diocese of Sacramento in support of the Retirement Fund for Religious.

595.70 Campaign for Human Development

Monies collected for the Diocese of Sacramento in support of the Campaign for Human Development.

595.80 Special Collection

595.85 Annual Catholic Appeal

Monies collected for the Diocese of Sacramento that supports many charitable agencies.

595.95 Other

This account records monies for this category not included in the preceding accounts.

670.0 Interest Expense

This parent account introduces sub-accounts which record interest charged on each outstanding loan owed by the parish to the Parochial Fund, Inc. The total of this account is posted to Line 51 of the Annual Parish Financial Report. No entries are posted to this account.

670.9 Other

Records any interest charged on an outstanding loan not included in preceding accounts in this section.

673.0 Parent Parish Expense

Funds paid by a parish that has been designated to assist in the development of a new parish. The total of this account is posted to Line 54 of the Annual Parish Financial Report.

681.0 Capital Fund Drive

This parent account introduces a set of expense accounts dedicated to recording expenditures for a capital fund drive. These expenditures are netted with income accounts 582 – 582.9 and are reported together on Line 49 of the Annual Parish Financial Report. No entries are posted to this account.

682.1 (Campaign Name)

This account is a parent account, title only. No entries are posted to this account, but are posted to one of the following sub-accounts.

682.11 Consultant Fees

Expenditures for capital campaign consulting fees paid for developing and running a capital campaign.

682.12 Telecommunications

Expenditures for phone/fax fees specifically allocated to running the capital campaign.

682.14 Materials & Supplies

Expenditures for paper, office supplies, etc., that are specifically used in the campaign.

682.15 Campaign Postage

Expenditures for all postage charges associated with campaign.

682.16 Outside Printing/Copies

Expenditures for marketing materials developed and produced by a vendor outside of the parish for the capital campaign.

682.19 Other

Expenditures for campaign activities not included in the preceding accounts.

682.2 PPBF Payments to Diocese

Expenditures for the fair share parish obligation which have been paid to the Preserving Our Past Building Our Future campaign sponsored by the Diocese of Sacramento. The total of this account is recorded on Line 61 of the Annual Parish Financial Report.

686.0 Capital Expenditures

This parent account introduces a set of expense accounts dedicated to record expenditures for parish projects or purchases which exceed \$2000. No entries are posted to this account. The total of this account is recorded on Lines 56-60 of the Annual Parish Financial Report.

686.1 Automobile >2K

This account is dedicated to recording expenditures during the year to purchase automobiles and/or to make major repairs, in excess of \$2000 to parish automobiles. The total of these accounts is posted to Line 56 of the Annual Parish Financial Report.

686.19 Other

Expenditures not covered in preceding accounts.

686.2 Equipment & Furniture >2K

This account is dedicated to recording expenditures during the year to purchase equipment and furniture in excess of \$2000. The total of these accounts is posted to Line 57 of the Annual Parish Financial Report.

686.29 Other

Expenditures not covered in preceding accounts.

686.3 Buildings, Improvements, Land

This account is dedicated to recording expenditures during the year to the building, improvements and land in excess of \$2000. These amounts may include either new construction or the renovation of existing facilities. The total of these accounts is posted to Line 59 of the Annual Parish Financial Report.

686.39 Other

Expenditures not covered in preceding accounts.

686.4 Capital Projects FBO School >2K

This account is dedicated to recording expenditures during the year for capital improvements of school in excess of \$2000. These amounts may include either new construction, the renovation of existing school facilities, or other purchases or projects that the parish subsidized for the benefit of the school. No entries are posted to this account. The total of these accounts is posted to Line 59 of the Annual Parish Financial Report.

686.49 Other

Expenditures not covered in preceding accounts.

686.5 Grounds Improvements >2K

This account is dedicated to recording expenditures during the year to the parish grounds in excess of \$2000. These amounts may include such items as parking lot re-surfacing, installation of sprinkler systems, new landscaping, costing more than \$2000. No entries are posted to this account. The total of these accounts is posted to Line 60 of the Annual Parish Financial Report.

686.59 Other

Expenditures not covered in preceding accounts

690.0 Cemetery Expense

Expenditures in connection with the operation of a parish cemetery. This account is netted with income account 590 and is recorded on Line 62 of the Annual Parish Financial Report.

695.0 Diocesan & Special Collections

This parent account introduces a set of accounts to record the disbursements to the Diocese of Sacramento of amounts received in special collections. No entries are posted to this account. Monies received from these collections are recorded in accounts 595.10 - 595.95. The net amount of this account and the income received is posted to Line 55 of the Annual Parish Financial Report.

695.10 Food Bowl

Records transfers of money to the Diocese of Sacramento's Office of Social Service Ministry.

695.15 Holy Land

Records transfers of money to the Diocese of Sacramento Holy Land collection. Check is made payable to Diocese of Sacramento and sent to the Finance Office.

695.20 Peter's Pence

Records transfers of money to the Diocese of Sacramento Holy Father collection. Check is made payable to Diocese of Sacramento and sent to the Finance Office.

695.30 World Mission Sunday

Records transfers of money to the Diocese of Sacramento in support of World Mission Sunday. Check is made payable to the Diocese of Sacramento and sent to the Finance Office.

695.35 Catholic Relief Services

Records transfers of money to the Diocese of Sacramento in support of Catholic Relief Services. Check is made payable to the Diocese of Sacramento and sent to the Finance Office.

695.40 Catholic Home Missions

Records transfers of money to the Diocese of Sacramento in support of Catholic Home Missions. Check is made payable to the Diocese of Sacramento and sent to the Finance Office.

695.45 Church in Latin America

Records transfers of money to the Diocese of Sacramento in support of Church in Latin America. Check is made payable to the Diocese of Sacramento and sent to the Finance Office.

695.50 Disaster Relief

Records transfers of money to the Diocese for the purpose of helping those who have been affected by disaster. Check, identifying the disaster is made payable to the Diocese of Sacramento and sent to the Finance Office.

695.55 Catholic Communications

Records transfers of money to the Diocese of Sacramento in support of Catholic Communications. Check is made payable to the Diocese of Sacramento and sent to the Finance Office.

695.60 Diocesan Priest's Retirement

Records transfers of money to the Diocese of Sacramento in support of Diocesan Priest's Retirement fund. Check is made payable to the Diocese of Sacramento and sent to the Finance Office.

695.65 Retirement Fund for Religious

Records transfers of money to the Diocese of Sacramento in support of Retirement Fund for Religious. Check is made payable to the Diocese of Sacramento and sent to the Finance Office.

695.70 Campaign for Human Development

Records transfers of money to the Diocese of Sacramento in support of Campaign for Human Development. Check is made payable to the Diocese of Sacramento and sent to the Finance Office.

695.80 Special Collection**695.85 Annual Catholic Appeal**

Record transfers of money to the Diocese of Sacramento for this annual appeal that supports many charitable agencies.

695.95 Other

Record transfers of money for special collections not included in the preceding accounts.

Guidelines for Bingo

All parishes operating a bingo must be in compliance with Federal, State of California and county codes and regulations unique to each county. Licensing procedures are extensive with many requirements in order to operate a bingo activity. Anyone contemplating the use of bingo as a fundraiser or social activity is advised to contact the county sheriff's department for licensing procedures and regulations. For example, in the County of Sacramento the sheriff's department Bingo Compliance Unit may be reached at 916.874.8111. They will mail a copy of their Bingo Handbook that details eligibility requirements, application process and permits and all regulations that must be satisfied to hold a bingo game. All parishes operating a bingo, must be in compliance with prevailing government regulations and the following diocesan policies:

All bingos are to be "on site," e.g., on parish grounds or within parish boundaries, subject to approval by the diocese. Permission for an "off site" bingo, i.e. outside of parish boundaries must first be obtained from the Bishop prior to commencing a bingo operation.

Quarterly reports must be submitted to the Finance Office. The number of patrons, prizes, winnings, etc. is detailed in this report. A copy of the quarterly report required by the local governing agency will fulfill this requirement.

All committees in charge of the bingo are accountable to the pastor.

Maintain a separate checking account for the bingo operation. This account is under the pastor's authority and he must be a signer of the checks. Only expenses directly related to the operation of the bingo may be paid from the bingo account. No expenditures from the account, including transfers to the parish may be transacted without supporting documentation.

Records of all bingo and other fund raising activities are to be maintained for a period of seven years.

Bingo is to be administered, conducted and promoted exclusively by volunteer personnel. NO REMUNERATION of any kind (even tuition) may be received for these services. However, volunteer personnel MAY receive tips from patrons of the bingo and food.

All bingos must fully comply with the IRS and state tax regulations pertaining to the reporting and recording of prizewinners. Bingo is a game of chance exempted from taxation under Federal and California laws as a fund raising activity if certain criteria are met. The game must be run entirely by volunteers. Otherwise, the revenues are subject to "unrelated business income tax". Payments to play are not charitable contributions and receipts given to players should state so.

Booster clubs, auxiliary groups, etc., who fall under the primary organization of the parish i.e., who use the parish tax number MUST turn in funds to the parish; have the pastor as a signer on checks and follow the governing body rules.

Those who operate bingos should have a sensitivity, as far as times and days, to the other parishes in their immediate area who also operate bingos.

Members of the Parish Finance Council are encouraged to actively assist the Pastor in management of any bingo activity.

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Date: July 12, 2010

Person to Contact:

Roger Meyer

Toll Free Telephone Number:

877-829-5500

Employer Identification Number:

53-0196617

Group Exemption Number:

0928

United States Conference of Catholic
 Bishops
 3211 4th Street, NE
 Washington, DC 20017-1194

Dear Sir/Madam:

This responds to your July 9, 2010, request for information regarding the status of your group tax exemption.

Our records indicate that you were issued a determination letter in March 1946, that you are currently exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, and are not a private foundation within the meaning of section 509(a) of the Code because you are described in sections 509(a)(1) and 170(b)(1)(A)(i).

With your request, you provided a copy of the *Official Catholic Directory for 2010*, which includes the names and addresses of the agencies and instrumentalities and the educational, charitable, and religious institutions operated by the Roman Catholic Church in the United States, its territories, and possessions that are subordinate organizations under your group tax exemption. Your request indicated that each subordinate organization is a non-profit organization, that no part of the net earnings thereof inures to the benefit of any individual, and that no substantial part of their activities is for promotion of legislation. You have further represented that none of your subordinate organizations is a private foundation under section 509(a), although all subordinates do not all share the same sub-classification under section 509(a). Based on your representations, the subordinate organizations in the *Official Catholic Directory for 2010* are recognized as exempt under section 501(c)(3) of the Code under GEN 0928.

Donors may deduct contributions to you and your subordinate organizations as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to them or for their use are deductible for federal estate and gifts tax purposes if they meet the applicable provisions of section 2055, 2106, and 2522 of the Code.

Subordinate organizations under a group exemption do not receive individual exemption letters. Most subordinate organizations are not separately listed in Publication 78 or the EO Business Master File. Donors may verify that a subordinate organization is included

in your group exemption by consulting the *Official Catholic Directory*, the official subordinate listing approved by you, or by contacting you directly. IRS does not verify the inclusion of subordinate organizations under your group exemption. See IRS Publication 4573, *Group Exemption*, for additional information about group exemptions.

Each subordinate organization covered in a group exemption should have its own EIN. Each subordinate organization must use its own EIN, not the EIN of the central organization, in all filings with IRS.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,

A handwritten signature in black ink that reads "Cindy Thomas". The signature is written in a cursive, flowing style.

Cindy Thomas
Manager, Exempt Organizations
Determinations

Guidelines for Advocacy, Lobbying and Political Action (English/Spanish)

- “get-out-the-vote” drives, and other nonpartisan voter-education initiatives.
- Sponsoring multi-issue candidate forums to which all candidates for a particular office are invited.
- Conducting single-issue forums which are nonpartisan and which present both sides of the issue objectively

IV. Surveys or questionnaires of political candidates may be distributed at churches, or reported in parish bulletins only if the following criteria are met:

- The California Catholic Conference or the diocesan attorney have been consulted as to the validity and objectivity of surveys or questionnaires;
- The surveys/questionnaires involve a variety of issues of importance to the voters.
- The surveys/questionnaires are objectively conducted and the results are accurately reported *verbatim* and free of bias;
- Reports of surveys/questionnaires contain only results, not analysis or commentary on the issues.
- Reports of the surveys/questionnaires must contain a disclaimer that the parish does not endorse or oppose candidates and that the surveys are distributed to inform and educate voters.

V. No diocesan or parish entity or organization may endorse or oppose or evaluate any political party or candidate for public office. No such organization can contribute in any way to a political candidate, party, campaign or political action

committee. Church property, or personnel should not be used in campaign ads.

The following are examples of activities which are not allowed:

- Urging readers or listeners to vote for or against a particular candidate or party;
- Labeling a candidate or party as “pro school aid” or “anti-life”; such a practice removes objectivity by not allowing readers to evaluate a candidate’s position themselves;
- Using plus (+) or minus (–) signs to evaluate the candidate or party;
- Rating candidates or parties on a scale of “1 to 10” for example, or otherwise saying “X is good,” “Y is better”;
- The use of marked sample ballots.

VI. Although churches have no jurisdiction over public sidewalks and other public property in their vicinities, church parking is private property and the general public has no right to distribute partisan materials thereon. This may be difficult to control, but parish leaders should nevertheless deny permission for any such activity.

VII. The California Catholic Conference staff reviews all of the statewide ballot initiatives and referenda. The bishops, after appropriate consultation, may choose, either individually or as a conference, to support, oppose or take no position on each measure.

When neither the CCC nor the diocese has taken a public position on a specific measure, a parish or Catholic organization should probably not do so without previous

consultation with the bishop. Granting the use of Church facilities to supporting or opposing groups should rarely be allowed.

Because the conducting of a signature drive for an initiative would be considered a lobbying activity and must be counted in determining whether the parish/diocese has engaged in more than insubstantial lobbying during a taxable year, the gathering of signatures on Church property or at Church activities is not encouraged or appropriate unless specifically authorized by the local bishop.

Do not hesitate to contact the California Catholic Conference, your diocesan ministry contacts or your diocesan attorney for further assistance. The United States Conference of Catholic Bishops (USCCB) has a more detailed set of guidelines on its website: www.usccb.org/ogc.

¹Departure Statement, October 8, 1995.

²*Living the Gospel of Life: A Challenge to American Catholics* (Washington, D.C., USCC, 1998), no. 34.

³*Faithful Citizenship: Civic Responsibility for a New Millennium* (USCC, Washington, DC), Nov. 18, 1999.

⁴*Because God Loves You, A Message from the U.S. Catholic Bishops* (USCC, Washington, DC., 1999).

Guidelines for Pastors and Parishes on Advocacy, Lobbying and Political Action



California Catholic
Conference

1119 K Street Street, 2nd Floor
Sacramento, CA 95814
(916) 443-4851, FAX (916) 443-5629
www.cacatholic.org

2004

Guidelines for Advocacy, Lobbying and Political Action

Words of Wisdom

On his departure from the United States in 1995, Pope John Paul II said:

Democracy needs wisdom, democracy needs virtue. Democracy serves what is true and right when it safeguards the dignity of every human person, when it respects inviolable and inalienable human rights, and when it makes the common good the end criterion regulating all public and social life.¹

Amplifying this thought, the U. S. Catholic Bishops wrote in 1998:

We encourage all citizens, particularly Catholics, to embrace their citizenship not merely as a duty and privilege, but as an opportunity [more fully] to participate in building the culture of life. Every voice matters in the public forum. Every vote counts. Every act of responsible citizenship is an exercise of significant individual power.²

Catholic Social Teaching

The principles of Catholic social teaching should be the moral framework from which we address all issues in the political arena. Among those principles are:

- ◆ The life and dignity of the human person,
- ◆ Human rights and responsibilities,
- ◆ The call to family and community,
- ◆ The dignity of work and the rights of workers,
- ◆ The preferential option for those who

are poor and vulnerable,

- ◆ Solidarity, and
- ◆ Care for God's creation.³

The Church's Vision

The U. S. bishops in their 1999 pastoral letter, *Because God Loves You*, articulate their vision for us, saying:

Because God loves you, you can care for the weak, remove injustices, alleviate poverty, annihilate oppression, and restore righteousness in our world. The love of God in you gives you strength to defend the unborn, support the elderly, and lift the hearts of those without hope...in every person beats a heart yearning to be loved.⁴

It is important to remember that the Church seeks to lift up the moral dimension of public issues, not to tell people how to vote or to evaluate political parties or candidates.

Guidelines

While it is increasingly accepted that major public issues have moral dimensions and that religious values have public consequences, there often is confusion and controversy over the participation of religious individuals and groups in public life. Following are some practical guidelines for pastors and parishes on **advocacy, lobbying and political action** which will clarify what is allowed on an individual basis and an institutional basis. Since these are only guidelines, each diocese, diocesan agency and parish, in consultation with its bishop, remains free to make its own deter-

mination as to what activities are proper for its personnel and committees.

I. Individual citizens are free to engage fully in partisan politics. The Church encourages all citizens to vote. In light of that, it urges voters to examine the positions of candidates for public office on the full range of issues, as well as on their personal integrity and performance.

Religious leaders, however, should avoid endorsements or other political activity, contributions, or political activism even when acting in their individual capacity. Although not prohibited, it may be difficult to separate their personal activity from their role as a Church leader.

II. Church organizations may take positions on public policies and legislative proposals because such advocacy is not partisan activity. Unlike individuals, churches and other institutions, which qualify for tax-exempt status under the Internal Revenue Code, *may in no way*

engage in partisan politics such as supporting or opposing individual candidates for office. That means that no diocesan or parish entity or organization or other 501(c)(3) exempt church organization should engage in voter education communications which directly or indirectly suggest that a particular candidate or party should be supported or opposed. No candidate should be invited to a parish function during an election campaign, unless all candidates for that office are invited.

III. Parishes and other church organizations *should*, in some cases, engage in

issue-oriented activities and lobbying. The local diocesan attorney should be consulted for local guidelines but limitations on the extent of such lobbying are not generally a problem for parishes or active institutions, since lobbying would be an insubstantial part of their total work.

The following are examples of such acceptable activity:

- ◆ Educational efforts, which share the Church's teaching on human life, human rights, social justice, and peace and highlight the moral and ethical dimensions of public-policy issues and/or legislation.
- ◆ Encouragement of letter writing campaigns and other contacts with state or federal legislators designed to educate them and to develop support for legislation.
- ◆ Distribution of flyers containing a statement about an issue or issues before the Congress, the California Legislature or local government, containing the names and addresses of elected representatives.
- ◆ Preaching, with emphasis on deepening the understanding of the sanctity of human life, and distribution of pertinent information concerning particular issues, especially those affecting human life.

The following types of activities are encouraged but must be developed with caution:

- ◆ Urging parishioners to register and vote and to participate actively in church-sponsored voter registration efforts,

Se aconsejan los siguientes tipos de actividades, pero las mismas se deben desarrollar con precaución:

- El instar a los feligreses para que se empadronen y voten y el participar activamente en los esfuerzos de empadronamiento de votantes patrocinados por la parroquia, campañas de “salga y vote” y otras iniciativas no partidarias que eduquen a los votantes.
- El patrocinar foros de temas múltiples a los cuales se invitara a todos los candidatos para algún puesto público en particular.
- El realizar foros de un solo tema que no sean partidarios y los cuales presenten ambos lados del tema de manera objetiva.

IV. Encuestas o cuestionarios de los candidatos políticos se pueden distribuir en las iglesias o pueden ser parte de los boletines parroquiales solamente si se cumplen los siguientes requisitos:

- Se ha consultado a la Conferencia Católica de California o al abogado diocesano en torno a la validez y a la objetividad de las encuestas y de los cuestionarios;
- Las encuestas y cuestionarios incluyen una variedad de asuntos de importancia para el votante;
- Las encuestas o cuestionarios se realizan de manera objetiva y se reportan los resultados exactamente *al pie de la letra* y éstos se encuentran libres de prejuicios;
- Los informes sobre las encuestas o cuestionarios contienen solamente los resultados, no análisis y comentarios sobre los temas.
- Los informes sobre las encuestas o cuestionarios deberán contener una advertencia de que la parroquia no endosa o se opone a los candidatos y que las encuestas se distribuyen con el propósito de informar

y educar a los votantes.

V. Ninguna entidad diocesana o parroquia puede endosar, oponerse o evaluar cualquier partido político o candidato para algún puesto público. Ninguna organización mencionada puede contribuir de manera alguna a algún candidato, partido, campaña política o comité de acción política. No se debe utilizar la propiedad de la Iglesia o su personal en la publicidad de las campañas.

Los siguientes son ejemplos de actividades que no se permiten:

- El impulsar a los lectores u oyentes a que voten a favor o en contra de algún candidato o partido particular;
- El calificar a algún candidato o partido como “a favor de la ayuda a las escuelas” o “en contra de la vida”; dicha práctica quita la objetividad al no permitir a los lectores que evalúen la posición de algún candidato por sí mismos;
- El utilizar los signos de (+) o (-) para evaluar al candidato o al partido;
- El evaluar a los candidatos o partidos en una escala del “1 al 10” por ejemplo, o decir de alguna otra manera que “X es bueno/a” o “Y es mejor”;
- El uso de boletas marcadas como muestras.

VI. Aunque las iglesias no tienen jurisdicción sobre las banquetas y otra propiedad pública en sus vecindades, el estacionamiento de la parroquia es propiedad privada y el público en general no tiene derecho a distribuir materiales partidarios ahí. Esto puede ser difícil de controlar, pero los líderes parroquiales, no obstante, deben negarse a autorizar dicha actividad.

VII. El personal de la Conferencia Católica de California analiza todas las iniciativas

de ley y plebiscitos para las boletas de todo el estado. Los obispos, después de las debidas consultas, pueden elegir ya sea de manera individual o como conferencia, apoyar, oponerse o no asumir alguna posición en torno a cada medida.

Cuando ni la Conferencia Católica de California ni la diócesis asumen alguna posición pública en torno a alguna medida específica, cualquier parroquia u organización católica probablemente tampoco debería hacerlo sin consultar previamente a su obispo. El uso de las instalaciones de la Iglesia no debe concederse a grupos políticos, salvo en casos muy especiales.

Debido a que realizar una campaña para reunir firmas para una iniciativa se consideraría como una actividad de cabildeo y debe ser contada al determinar si la parroquia o diócesis ha participado en algo más que el cabildeo insubstancial durante el año gravable, no se recomienda o se considera apropiado el reunir firmas en la propiedad de la Iglesia o en las actividades de la misma, a lo menos que el obispo local lo haya autorizado de manera específica.

No dude en comunicarse con la Conferencia Católica de California, sus contactos para los ministerios diocesanos o su abogado diocesano para obtener ayuda adicional. La Conferencia de Obispos Católicos de los Estados Unidos elaborado y puesto a su disposición guías más detalladas en el sitio web: www.usccb.org/ogc.

¹Declaración de Parida, 8 de octubre, 1995

²*Living the Gospel of Life: A Challenge to American Catholics* (Washington, DC., USCC, 1998), núm. 34.

³*Faithful Citizenship: Civic Responsibility for a New Millennium* (USCC; Washington, DC), Nov. 18, 1999.

⁴*Because God Loves You, A Message from the U.S. Catholic Bishops* (USCC, Washington, DC., 1999).

Guías para los Párrocos y Parroquias sobre la Promoción, El Cabildeo y La Acción Política



Conferencia Católica
de California

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2004

Guías para la Promoción, El Cabildeo y La Acción Política

Palabras Sabias

El día de su partida de los Estados Unidos en 1995, el Papa Juan Pablo II dijo:

La democracia necesita sabiduría, la democracia necesita virtud. La democracia sirve a lo que es verdadero y justo cuando vela por la dignidad de toda persona humana, cuando respeta los derechos humanos inviolables e inalienables y cuando hace del bien común el criterio final que regula toda la vida pública y social.¹

Ampliando esta idea, los Obispos Católicos de los Estados Unidos escribieron lo siguiente en 1998:

Exhortamos a todos los ciudadanos, particularmente a los católicos, a que accion su ciudadanía no solamente como una responsabilidad y privilegio, pero como una oportunidad para participar [más ampliamente], en la edificación de la cultura de la vida. Cada voz cuenta en el foro público. Cada voto cuenta. Cada acto de ciudadanía responsable es un ejercicio del poder significativo del individuo.²

Enseñanza Social Católica

Los principios de la enseñanza social católica deberían ser el marco moral desde el cual abordemos todos estos asuntos en nuestra sociedad. Entre esos principios se encuentran:

- ◆ La vida y la dignidad de la persona humana,
- ◆ Los derechos y responsabilidades de los humanos,
- ◆ El llamado a la familia y a la comunidad,
- ◆ La dignidad del trabajo y los derechos de

- ◆ los trabajadores,
- ◆ La opción preferencial por los pobres y los más vulnerables,
- ◆ La solidaridad, y
- ◆ El cuidado de la naturaleza creación de Dios.³

La Visión de la Iglesia

Los obispos de los E.U. en su carta pastoral de 1999, *Because God Loves You* (Porque Dios Te Ama), enuncian claramente su visión para nosotros diciendo:

Porque Dios les ama, pueden cuidar de los débiles, quitar los injusticias, aliviar la pobreza, aniquilar la opresión y restaurar la justicia en nuestro mundo. El amor de Dios en ustedes les da la fuerza para defender a los no natos, mantener a los ancianos y alentar a los que no tienen esperanza...en cada persona late un corazón que anhela ser amado.⁴

Es importante recordar que la Iglesia pretende elevar la dimensión moral de los asuntos públicos, no el decirle a las personas cómo votar o el evaluar a los partidos políticos o candidatos.

Guías

Aunque cada vez se acepta más el que los principales asuntos públicos tienen dimensiones morales y que los valores religiosos tienen consecuencias públicas, con frecuencia existe confusión y controversia en torno a la participación de los individuos y los grupos religiosos en la vida pública. A continuación tenemos guías prácticas para los párrocos y parroquias sobre la **promoción, el cabildeo y la acción política**, la cual aclarará lo que se permite a nivel individual y a nivel institucional. Puesto que estas son solamente guías, cada diócesis, agencia diocesana y parroquia, en consulta con su

candidato, a lo menos que se inviten a todos los candidatos para el mismo puesto público.

III. Los parroquias y otros organizaciones parroquiales deberían, en algunos casos, participar en actividades orientadas a algún tema, así como en el cabildeo. Se debe consultar al abogado diocesano local para obtener guías, pero los límites sobre la extensión de dicho cabildeo no representan, por lo general, un problema para las parroquias o instituciones activas, puesto que el cabildeo sería una parte insubstantial del trabajo en su totalidad.

Los siguientes son ejemplos de dicha actividad aceptable:

- ◆ Esfuerzos educativos que compartan la enseñanza de la Iglesia sobre la vida humana, los derechos humanos, la justicia social y la paz, los cuales destacan las dimensiones morales y éticas de los temas de política pública y/o la legislación.
- ◆ La exhortación de las campañas para escribir cartas y comunicarse con los representantes legisladores estatales o federales diseñadas para educar y fomentar apoyo para alguna legislación.
- ◆ La distribución de volantes que contengan declaración es sobre algún tema o temas que se estén tratando ante el Congreso, la Legislatura de California o el gobierno local, que contengan los nombres y las direcciones de los representantes electos.
- ◆ La predicación que haga hincapié en la profundización del entendimiento sobre la santidad de la vida humana y la distribución de información pertinente con respecto a temas específicos, especialmente aquellos que afectan la vida humana.

obispo, son libres de hacer su propia decisión en cuanto a las actividades que determinen sean apropiadas para su personal y comités.

I. Los ciudadanos particulares son

libres de participar plenamente en la política partidaria. La Iglesia exhorta a todos los ciudadanos a que voten. En vista de eso, insta a los votantes a que analicen las posiciones de los candidatos para puestos públicos en torno a los temas en toda su extensión. También recomienda que se analice la integridad personal y el desempeño de los mismos.

Los líderes religiosos, sin embargo, deben evitar los endosos u otra actividad política, ofrecer contribuciones o practicar el activismo político, aún cuando estén actuando como individuos. Aunque no se prohíbe, podría ser difícil separar su actividad personal de su papel como líder de la Iglesia.

II. Las organizaciones de la Iglesia

pueden asumir puntos de vista sobre las políticas públicas y propuestas legislativas debido a que dicha promoción no es una actividad partidaria. A diferencia de los individuos, las iglesias y otras instituciones, las cuales califican para un estado fiscal, libre de impuestos, bajo el Código de Rentas Internas, *no pueden de ninguna manera alguna* participar en políticas partidarias tales como el apoyar u oponerse a candidatos individuales en la lucha por puestos públicos. Esto significa que ninguna entidad diocesana o parroquial u otra organización de la iglesia que goce del estado fiscal 501(c)(3) libre de impuestos, debe participar en comunicaciones para educar a los votantes que puedan sugerir directa o indirectamente que algún candidato o partido en particular debe apoyarse u oponerse. No se debe invitar a algún evento parroquial durante una campaña electoral a ningún

Diocesan Policy for Parish Societies, Organizations, or Groups

Any society, organization, or other group that claims in any way to be an affiliate or function of the parish is considered to receive its authority from the parish in accordance with Canon Law. Canon Law requires that all such societies, organizations, or groups be subject to the administrative authority of the Pastor.

Additionally such societies, organizations, or groups are entitled to tax exempt status only if they are subject to the authority and control of the Catholic Church in accord with Canon Law through the Bishop of the Diocese of Sacramento and Pastors.

The following applies to the administration of such societies, organizations, or groups:

1. Each society, organization, or group must provide the pastor/parish finance council a financial report quarterly, but preferably monthly. A written report of previous quarterly activity should accompany the required quarterly financial report.
 - A summary of the activities of the society, organization, or group during the year.
 - A financial summary that reconciles the beginning cash balance of all bank accounts that are maintained by the society, organization, or group as well as all cash receipts and disbursements and the account balances.
2. Since the purpose of parish societies, organizations, or groups is to work for the common good of the parish community, fund raising proceeds are distributed to the parish on a regular basis. At the end of the fiscal year, all funds, except a reasonable amount determined by the Pastor are transferred to the parish.
3. Upon the disbandment of a society, organization, or group, a final written report as described in #1 above, is prepared for the Pastor. The remaining assets of the society, organization, or group are turned over to the Pastor.
4. If any group has its own bank account the account must be reconciled monthly.

The reconciliation, bank statement, and canceled checks are turned over to the parish quarterly, but preferably monthly and given to the parish bookkeeper for inclusion in the parish books. These records are reviewed by the Pastor and parish Finance Council, and are stored in the parish offices for the appropriate retention period.
5. The bank accounts of each society, organization, or group are to include the Pastor as a signer. Any disbursement by a parish society, organization, or group which exceeds \$2,500 should have the signature of the Pastor or Parochial Vicar. Although the \$2,500 limit is suggested as a guide, each Pastor may use his own judgment as to whether a lower amount may be more appropriate.
6. Any society, organization, or group that sponsors major fund raising events such as parish festivals, etc. are to use prudent internal controls in conjunction with such events. These controls promote the segregation of the bookkeeping duties from the handling of cash, and also encourage the use of counting teams to count the cash and prepare each bank deposit associated with the event. Take care to comply with applicable Internal Revenue Code rules and regulations regarding qualified tax exemptions and tax deductions.

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7. No society, organization, or group that claims in any way to be an affiliate or function of the parish may (a) be incorporated as a Civil Law Corporation except with the express written consent of the Bishop, or (b) make use of the parish tax identification number without the express written consent of the Pastor.

The Diocesan Finance Office is available to provide assistance to Pastors with respect to parish finances and proper internal controls, including the implementation of these guidelines which cover the operation of any parish society, organization, or group.

Pastors' Executive Summary of Policy Regarding the Use of Diocesan and Parish Facilities in the Diocese of Sacramento

INTRODUCTION

Recent changes to the civil laws in California have caused the Diocese to formalize its policies regarding the use of parish and diocesan facilities. Although this Policy applies to anyone requesting use of parish or diocesan facilities, it is particularly important with regard to its application to outside individuals and organizations not affiliated with a parish or the Diocese of Sacramento. At the very heart of this Policy is the need to use parish and diocesan facilities in a manner consistent with the Church's teachings and beliefs, to use our Church buildings and grounds whenever possible to evangelize the Truths of the Catholic faith in an honest and authentic way, and to avoid misleading the faithful as to the teachings of the Church. Primary responsibility for the prudent implementation of this Policy rests with the pastors of our diocesan parishes, who must use their sound and prayerful pastoral judgment in such matters.

THE BASIC PRINCIPLES OF THE POLICY.

The Policy is based upon four straightforward principles:

- Use of diocesan and parish facilities must, at all times, be consistent with, and in fidelity to, Catholic religious and moral teachings and beliefs and must respect the religious and liturgical character and nature of such facilities. Any use of diocesan and parish facilities that is incompatible with the religious and liturgical character of diocesan and parish facilities is prohibited.
- Any use of diocesan and parish facilities by an organization, group, or individual who, by word or conduct, promotes views, values, or beliefs contrary to Catholic religious and moral belief and teachings is prohibited.
- No event or activity shall be permitted to occur at diocesan or parish facilities that would, directly or indirectly, advocate or otherwise promote teachings, beliefs, views, values, or conduct contrary to Catholic religious and moral teachings and beliefs or that might have propensity to cause confusion or scandal among the faithful regarding the authentic teachings and beliefs of Catholic Church.
- The use of churches, oratories, and chapels must at all times be consistent with their sacred liturgical and ecclesial character according to the canons and ecclesial norms applicable to such facilities.

EXAMPLES OF INAPPROPRIATE GROUPS, ORGANIZATIONS, AND EVENTS

Inappropriate organizations or groups would include any entity that promotes views, values, or beliefs contrary to Catholic religious and moral belief. Inappropriate events would include those events or activities that, directly or indirectly, promote teachings, beliefs, views, values, or conduct contrary to Catholic religious and moral beliefs or that might have propensity to cause confusion or scandal among the faithful regarding the authentic teachings and beliefs of Catholic Church. Inappropriate entities and/or events would typically advocate in favor of or promote the following issues:

-
- Racial, ethnic, sexual, or religious discrimination.
 - Anti-Catholicism and anti-Catholic biases. Partisan political activities. This would include political parties, political candidate committees, partisan political clubs or committees, and the like.
 - Abortion, euthanasia, assisted suicide, artificial contraception, voluntary sterilization, or capital punishment. This would include groups such as Planned Parenthood, The Reproductive Rights Project of the American Civil Liberties Union, Catholics for a Free Choice, and the like.
 - Pornography and obscenity, adultery, marital infidelity, cohabiting in sexual relationships of any nature outside marriage, homosexual activity or relationships, “gay marriage,” the adoption and/or placement of children in anything other than a traditional family setting, and the like.
 - Teachings, views, policies, or beliefs contrary to the Magisterium of the Catholic Church, the Deposit of Faith, the teachings of the Second Vatican Council, or authentic Catholic theology, as determined by the pastor and the Bishop of Sacramento.
 - Secularism, the paring back of religious freedom rights, or the restriction of religious liberty and liberty of conscience.
 - Abuse of alcohol or the use narcotics or other controlled substances.
 - Violence or the use of force to resolve social, political, or religious problems.

Pastors should use their own judgment as to whether a group or entity advances views or positions contrary to Catholic teaching and belief. In the event of doubt, the doubts should be resolved against allowing outside organizations to use parish facilities. If there are questions that present ambiguous situations, the pastor may, in his judgment, consult with the Bishop for advice and pastoral guidance.

The full policy is available upon request by calling the Diocesan Finance Office at 916.733.0277.

Parish/Diocesan Facilities Use Request Questionnaire

The use of our Parish facilities is not open to the general public and is strictly limited to those groups, organizations, and events that advance viewpoints, principles or objectives consistent with the Catholic faith. Thus, in order to learn more about your group and the event you are proposing to conduct using our Parish facilities, we ask you to complete the following Questionnaire and provides the information needed to evaluate your request. Thanks for your cooperation.

Name of Organization _____

Mailing Address _____

Telephone No. _____

Contact Person _____

YOUR PROPOSED EVENT

Date(s) of Event _____

Time of Event _____
(including set-up time)

1. Please describe in detail the nature of the event (continue on back side of this sheet, if additional space is required to respond fully):
2. If there are going to be speakers at your event, please identify each speaker, describe each speaker's background, and provide a brief description of the subject matter of each speaker's presentation (continue on back side of this sheet, if additional space is required to respond fully):

3. Will your event pertain to, or address in any manner, any of the following issues (please check all that apply):
- ☐ Racial, ethnic, sexual, or religious discrimination.
 - ☐ Anti-Catholicism or anti-Catholic biases.
 - ☐ Partisan political activity of any kind, direct or indirect.
 - ☐ Abortion, euthanasia, assisted suicide, contraception, voluntary sterilization, or capital punishment.
 - ☐ Sexuality, pornography and obscenity, adultery, marital infidelity, cohabiting in sexual relationships of any nature outside marriage, homosexual activity or relationships, "gay marriage," or the adoption and/or placement of children in non-traditional family settings.
 - ☐ The denial, refutation, ridicule, or condemnation of the teachings and/or beliefs of the Catholic Church.
 - ☐ The paring back of religious freedom rights or the restriction of religious liberty and liberty of conscience.
 - ☐ The abuse of alcohol and the use of narcotics or other controlled substances.
 - ☐ Violence or the use of force to resolve social, political, or religious problems.
4. If you checked any of the issues listed in Question 3, please describe how your event relates to the issue(s) checked above and state the position of your organization with regard to each such issue (continue on back side of this sheet, if additional space is required to respond fully):

YOUR GROUP OR ORGANIZATION

1. Please describe in detail the nature and purpose of your organization (continue on back side of this sheet, if additional space is required to respond fully):

2. Please describe the legal structure of your organization (e.g., an unincorporated association, a non-profit corporation, a for-profit corporation, etc.):

3. Please identify the Board Chairperson, President, and Executive Director, if any, of your organization:

Is your organization listed in the Official Catholic Directory, published by P.J. Kenedy & Sons?

☐ Yes ☐ No

4. Has your group or organization taken a position with regard to any of the following issues (please check all that apply):
- ☐ Racial, ethnic, sexual, or religious discrimination.
 - ☐ The Catholic Church, the Catholic clergy, or Catholic people in general.
 - ☐ Political parties, political candidate committees, partisan political clubs or
 - ☐ Abortion, euthanasia, assisted suicide, artificial contraception, voluntary sterilization, or capital punishment.
 - ☐ The sanctity of marriage, the call to sexual abstinence and chastity outside marriage, sexual license, pornography and obscenity, adultery, marital infidelity, cohabiting in sexual relationships of any nature outside marriage, homosexual activity or relationships, "gay marriage," or the adoption and/or placement of children in anything other than a traditional family setting.
 - ☐ The teachings and beliefs of the Catholic Church, the Second Vatican Council, Catholic theology, Catholic tradition, or the Catholic clergy.
 - ☐ Secularism, the paring back of religious freedom rights, or the restriction of religious liberty and liberty of conscience.
 - ☐ The abuse of alcohol or the use of narcotics or other controlled substances.
 - ☐ The use of force to resolve social, political, or religious problems.
5. If you checked any of the issues listed in Question 4, please describe in detail the position your organization has taken with regard to the issue(s) checked above and state the current position of your organization with regard to each such issue (continue on back side of this sheet, if additional space is required to respond fully):

6. Does your organization carry general liability insurance? ☐ Yes ☐ No

7. If you answered “yes” to Question 6, please identify your insurance carrier, the policy number, the liability limits, and the effective dates of the policy:

I certify that the foregoing responses are accurate and correct to the best of my knowledge.

Date _____

Signed _____

Title _____

Parish Facility Application/Rental Agreement

Parish Name _____

Parish Address _____

Parish Phone Number _____

Name of Organization _____

Applicant Representative _____

Address _____

Phone No. _____

Fax No. _____

Email _____

THIS AGREEMENT, made and entered into this ____ day of _____, 20____, by and between {Parish Name} (hereafter referred to as the Parish, and _____, (hereafter referred to as Renter).

EVENT DETAILS AND USE FEES AND CHARGES

Event Name _____

Event Date(s) _____

Event Time(s) _____

Set up Date and Time _____

Questionnaire Completed? ☐ Yes ☐ No

Event Approved by Pastor? ☐ Yes ☐ No

FACILITIES/ACCOMMODATIONS

Specification of facilities to be used for the Event

Use Fee \$

Nonrefundable Deposit \$

Set-up Charge \$

Cleaning Charge \$

Total Fees & Charges \$

Terms and Conditions of Use

1. PROHIBITED USE

The use of Parish facilities is not open to the general public and is strictly limited to those groups, organizations, and events that do not advance viewpoints, principles or objectives contrary to the Catholic faith. To this end, use of Parish facilities must, at all times, be consistent with, and in fidelity to, Catholic religious and moral teachings and beliefs and must respect the religious and liturgical character and nature of such facilities. Any use of Parish facilities that is incompatible with their religious and liturgical character is strictly prohibited. Any use of Parish facilities by an organization, group, or individual who, by word or conduct, promotes views, values, or beliefs contrary to Catholic religious and moral belief and teachings is likewise prohibited. No event or activity shall be permitted to occur at Parish facilities that would, directly or indirectly, advocate or otherwise promote teachings, beliefs, views, values, or conduct contrary to Catholic religious and moral teachings and beliefs or that might have propensity to cause confusion or scandal among the faithful regarding the authentic teachings and beliefs of the Catholic Church. The use of the Parish church, if applicable, must at all times be consistent with their sacred liturgical and ecclesial character according to the canons and ecclesial norms applicable to such facilities. The Parish Pastor and the Bishop of Sacramento shall serve as the final arbiters as to whether a particular use of Parish facilities is a prohibited use under the terms of this Agreement.

2. PAYMENT

Renter shall pay a fifty percent (50%) deposit of the total cost of this Agreement at least thirty (30) days prior to the event date. The remainder of any balance due on this Agreement shall be paid in full at least ten (10) days prior to the event date. A 1.5% monthly late payment fee will be charged to any overdue balances.

3. SECURITY DEPOSIT

Renter must pay a _____ dollar (\$____) non-refundable deposit at the time application is made. This deposit is non-refundable.

4. RELIGIOUS NATURE OF PARISH FACILITIES

The religious character and nature of the Parish property must, at all times, be respected. Religious symbols and images shall not be removed, altered, or deliberately obscured and all persons entering on to the premises should be admonished to respect the religious nature of the facility. This should include requesting persons entering the facility to act appropriately in worship spaces, to refrain from disrupting private prayer or ongoing liturgies, and to treat religious objects, art and images with appropriate reverence and respect.

5. DAMAGE TO FACILITIES

Renter is liable for all damage to the facilities, equipment, and parish grounds, and for the safety of all guests. The Renter will be held responsible for all costs to repair damages exceeding normal wear and tear. The security deposit will be used to pay for such costs. Any repair or cleaning costs that exceed the amount of the security deposit will be charged to the Renter and collected after the event.

6. DAMAGES

Renter shall not hold The Parish responsible or liable for damages of any kind (including, without limitation, damages for loss of business profits, advertising fees and/or promotional costs, or any other indirect, incidental, special or consequential damages) arising out of the use of or inability to use the facilities or otherwise in connection with this Agreement, including the cancellation of this Agreement by The Parish pursuant to a violation of Paragraph 1 of this Agreement, even if The Parish has been advised of the possibility of such damages.

7. ALCOHOLIC BEVERAGES

- ☐ No alcoholic beverages may be served or consumed on the premises.
- ☐ Alcoholic beverages may be served and consumed on the premises pursuant to the terms and conditions of the Policy on the Service and Consumption of Alcoholic Beverages at Parish Facilities, a copy of which is attached hereto.

8. CANCELLATIONS

Should Renter terminate this Agreement, for any reason, less than ten (10) days before the event date, the Parish shall refund all previously deposited fees by Renter less the non-refundable deposit paid by Renter. No other funds held by The Parish shall be refundable to Renter.

9. INDEMNIFICATION

The Parish assumes no responsibility whatsoever for any property, supplies or equipment placed in or on the facilities by Renter, and the Parish is hereby expressly released and discharged from any and all liability for any loss, injury, or damage to persons, property, equipment, or supplies that may be sustained during or by reason of the occupancy or use of the facility. Renter shall defend, indemnify, and hold the Parish harmless from and against all claim, loss, expense or damage to any person or property in or upon the facility or any area allocated to or used by Renter or its agents, employees, or invitees, arising out of Renter's use or occupancy of such facility, or any neglect of Renter or its servants, employees, or agents, or any change or alteration made by the Renter to the facility. The indemnification described herein shall pertain to the building and all common areas located around the building on the parish grounds, including, but not limited to, parking lots, driveways, worship areas, kitchen, hall areas, and restrooms.

10. INSURANCE

Renter agrees to maintain, in full force, during the dates of use of parish facilities and equipment, at Renter's expense, a policy of comprehensive liability insurance: including sexual abuse coverage which would insure the Parish and the Roman Catholic Bishop of Sacramento, a corporation sole, against injury to persons, including death resulting therefrom, and property damage, from occurrences in or about the facilities or the use of or condition thereof, with a limit of no less than one million dollars (\$1,000,000) per occurrence. Such insurance shall be primary and not contributing with any other insurance in effect for the additional insured Parish and Bishop and shall be evidenced by a Certificate of Insurance and an Additional Insured Endorsement issued to the Parish and the Bishop prior to the event date.

11. ATTORNEYS' FEES

If any action or proceeding arising out of or relating to this Agreement is commenced by either party to this Agreement, then as between the Parish, the Bishop, and the Renter the prevailing party shall be entitled to recover from the other party, in addition to any other costs and relief that may be granted, the reasonable attorneys' fees incurred in the action or proceeding by the prevailing party.

12. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the Parish and the Renter relating to the use of the Parish's facilities, services and/or equipment. Any prior agreements, promises, negotiations, representations, or course of conduct not expressly set forth in this Agreement are of no force and effect. Any amendment to this Agreement shall be of no force and effect unless in writing and signed by all parties. This Agreement does not take effect until signed by both parties.

13. ASSIGNMENT

This Agreement may not be assigned, transferred or sublet without the expressed written consent to the Parish.

14. RECEIPT OF PARISH FACILITIES POLICIES

By signing below, Renter acknowledges the receipt of the rental policies covering the parish facilities and equipment and will ensure compliance with these rules by Renter or any of its agents, employees or invitees.

15. MANDATORY MEDIATION OF DISPUTES

The parties agree that any and all disputes, claims or controversies arising out of or relating to this Agreement shall be submitted to JAMS, or its successor, for mediation, and if the matter is not resolved through mediation, then it shall be submitted to JAMS, or its successor, for final and binding arbitration pursuant to the arbitration clause set forth in Paragraph 16. Either party may commence mediation by providing to JAMS and the other party a written request for mediation, setting forth the subject of the dispute and the relief requested. The parties will cooperate with JAMS and with one another in selecting a mediator from JAMS panel of neutrals, and in scheduling the mediation proceedings. The parties covenant that they will participate in the mediation in good faith, and that they will share equally in its costs. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the parties, their agents, employees, experts and attorneys, and by the mediator or any JAMS employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any arbitration or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. Either party may initiate arbitration with respect to the matters submitted to mediation by filing a written demand for arbitration at any time following the initial mediation session or 45 days after the date of filing the written request for mediation, whichever occurs first. The mediation may continue after the commencement of arbitration if the parties so desire. Unless otherwise agreed by the parties, the mediator shall be disqualified from serving as arbitrator in the case. The provisions of this Clause may be

enforced by any Court of competent jurisdiction, and the party seeking enforcement shall be entitled to an award of all costs, fees and expenses, including attorneys' fees, to be paid by the party against whom enforcement is ordered.

16. BINDING ARBITRATION

Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by final and binding arbitration in Sacramento, California, before one arbitrator. The arbitration shall be administered by JAMS pursuant to its Streamlined Arbitration Rules and Procedures. Judgment on the Award may be entered in any court having jurisdiction. This clause shall not preclude parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction. The arbitrator may, in the Award, allocate all or part of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party. The parties agree to waive, and do hereby waive, their right to trial, whether by court or by jury, as to any claim or cause of action arising, under either state or federal law, from this Agreement or from Renter's use of Parish facilities pursuant to this Agreement.

I, individually and on behalf the Renter, hereby accept all terms and conditions listed in this Agreement and hereby agree to pay the fees and charges listed above.

Renter's Authorized Representative
(Printed Name)

(Signature)

{PARISH NAME}

{Printed Name of Pastor/Authorized Rep.}

FOR OFFICE USE ONLY

Deposit Date _____ Amt. _____ Check # _____

Balance Pmt. Date _____ Amt. _____ Check # _____

Policy on the Service and Consumption of Alcoholic Beverages at Parish Facilities

- The possession, consumption, purchase or sale of alcohol on Diocesan or parish premises, other than for sacramental purposes, is prohibited.
- No employee or member of the staff shall be under the influence of alcohol while on Diocesan or parish premises or while performing Diocesan or parish business off Diocesan or parish premises.
- Any exception to this Policy for special situations (e.g. special celebrations, social occasions, etc.) must be approved in advance by the Bishop, one of the episcopal Vicars, or the parish Pastor. On these occasions, moderate and limited consumption of alcohol by persons over the age of 21 years is acceptable.
- Any individual or group desiring to serve alcoholic beverages on Diocesan or parish premises must obtain the necessary authorizations and licenses from local and state governmental agencies. Such individuals or groups should be directed to check with the local police department or sheriff's office to determine the necessary governmental permissions and/or licenses required to serve alcoholic beverages.
- Persons who appear to be intoxicated shall not be served and should be directed to leave the premises.
- No minors should be served or should consume alcoholic beverages (other than receiving communion in the species of the Precious Blood) on Diocesan premises
- Outside individuals or groups that intend to serve or consume alcoholic beverages must provide an insurance policy that includes No Host Liquor Liability protection.
- Outside individual or groups may serve alcoholic beverages on a "no host" basis, but may not engage in the sale of alcohol to be consumed off the premises.

Room and Board – Priests Serving In More Than One Parish

For a priest who is in residence at a parish but is not assigned to work at that parish, and who does not do any incidental work in that parish (such as helping out with the weekend Masses), the priest's source of income should reimburse that parish \$300 per month for room and board expenses. If a priest does some work in the parish (such as helping out with weekend Masses) incidental to his living there, it may be that a lower amount of room and board could be appropriate.

If a priest is assigned to multiple parishes and resides in one of those parishes, the non-resident parish(es) should reimburse the resident parish according to the actual rectory expenses of the priest, based on his assignment percentages. The pastors involved are to determine and agree amongst themselves on what an equitable and fair reimbursement amount should be, and what expenses should be part of the equation e.g. food, utilities, phone, other.