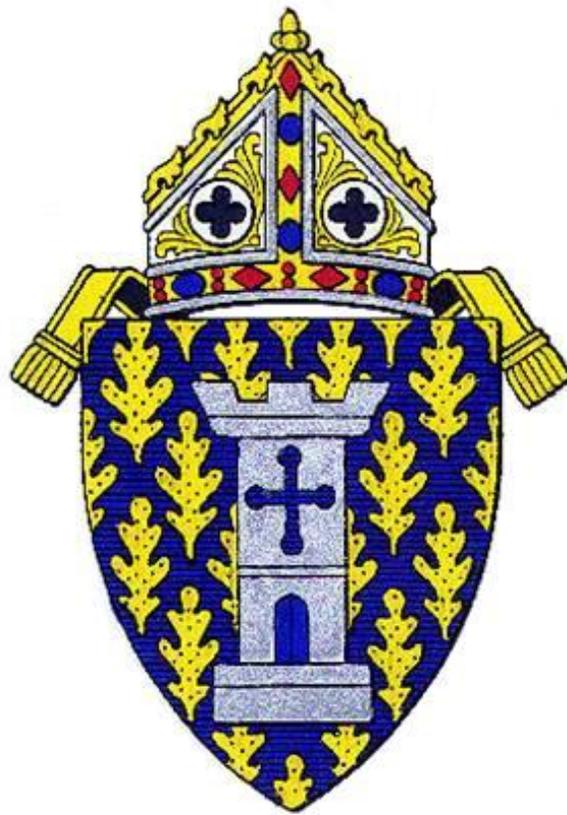
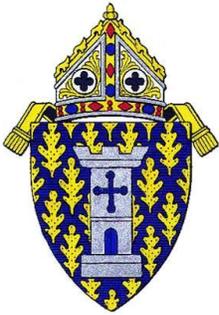


Diocese of Ogdensburg



Parish Financial Manual



Diocese of Ogdensburg
Office of the Bishop
PO Box 369
Ogdensburg, NY 13669
(315) 393-2920

April 23, 2010

Dear Father:

Among the many responsibilities of a pastor is the good administration of his parish's parochial goods according to the norms of Canon Law, the precepts of civil law and the promulgations of the Diocese of Ogdensburg. Protecting the assets entrusted to a parish by its members is essential to their willingness to continue to generously provide funds in support of the Church and its vital ministries.

To assist a pastor in his fiscal administrative responsibility for his parish, I am pleased to present to you the Diocese of Ogdensburg's *Parish Financial Manual*. This manual, a product of over two years of development and review by diocesan central office staff, is intended to provide a central resource for pastors to refer to in dealing with parish financial matters. I believe this publication meets the direction of the United States Conference of Catholic Bishops issued in 2007 to provide parishes a "best practices" manual.

I appreciate the efforts of central office staff to bring this manual to completion. Playing key roles in the development of this manual were Michael Tooley, Diocesan Fiscal Officer, and Vincent Thouin, Diocesan Coordinator of Parish Administrative Services. Monsignor John Murphy and Father Douglas Lucia provided valuable input and guidance during review of the initial draft of this document to help insure its consistency with the policies in the Diocese of Ogdensburg's *Pastoral Handbook*. Lastly, I acknowledge the assistance of the Archdiocese of New York's Fiscal Office which provided their manual as the beginning framework from which this manual was tailored for the Diocese of Ogdensburg.

Be assured that the diocese's central office administration will continue to provide you support when you need assistance in your important role in the management of your parish finances.

Fraternally Yours in Christ,

A handwritten signature in black ink that reads "Terry R. LaValley". The signature is written in a cursive style with a small cross at the beginning.

Most Reverend Terry R. LaValley
Bishop-elect of Ogdensburg

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100 Diocese of Ogdensburg and Parish Financial Organization

Executive Summary

The Bishop of the diocese exercises a supervisory role in regard to the administration of goods belonging to parishes in the diocese. This supervisory role includes the responsibility to issue appropriate regulatory instructions for the administration of ecclesiastical goods (c. 1276. §2). The pastor is the administrator of the goods belonging to his parish.

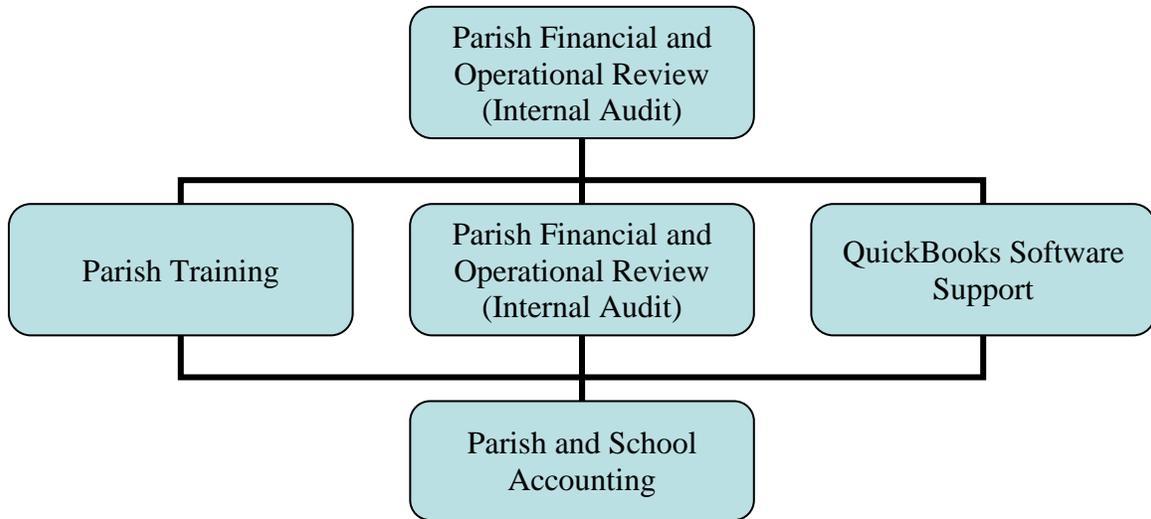
On behalf of the Bishop of the Diocese of Ogdensburg, this Financial Policies and Procedures Manual is prepared to assist pastors in the financial administration of their parishes and is intended as a guide for all those involved in parish finance and accounting. The policies and procedures described here must be followed under Bishop's authority for the parish to exercise good stewardship and comply with generally accepted accounting practices, civil and canon laws, and the requirements of the Diocese of Ogdensburg. This manual will help pastors safeguard the parish's assets, exercise prudence in financial matters, provide accountability to donors and comply with applicable laws, rules and regulations.

The pastor must ensure and enforce compliance with these policies and procedures. The Diocesan Fiscal Officer and the Diocesan Coordinator of Parish Audits and Fiscal Support Services monitors compliance and is available to provide advice and assistance to pastors.

101 Diocese of Ogdensburg Finance Organization

These diocesan resources are available to support the pastor in his administrative responsibilities.

- Diocesan Fiscal Office
- Human Resources Office
- Insurance Office
- Parish Administrative Services



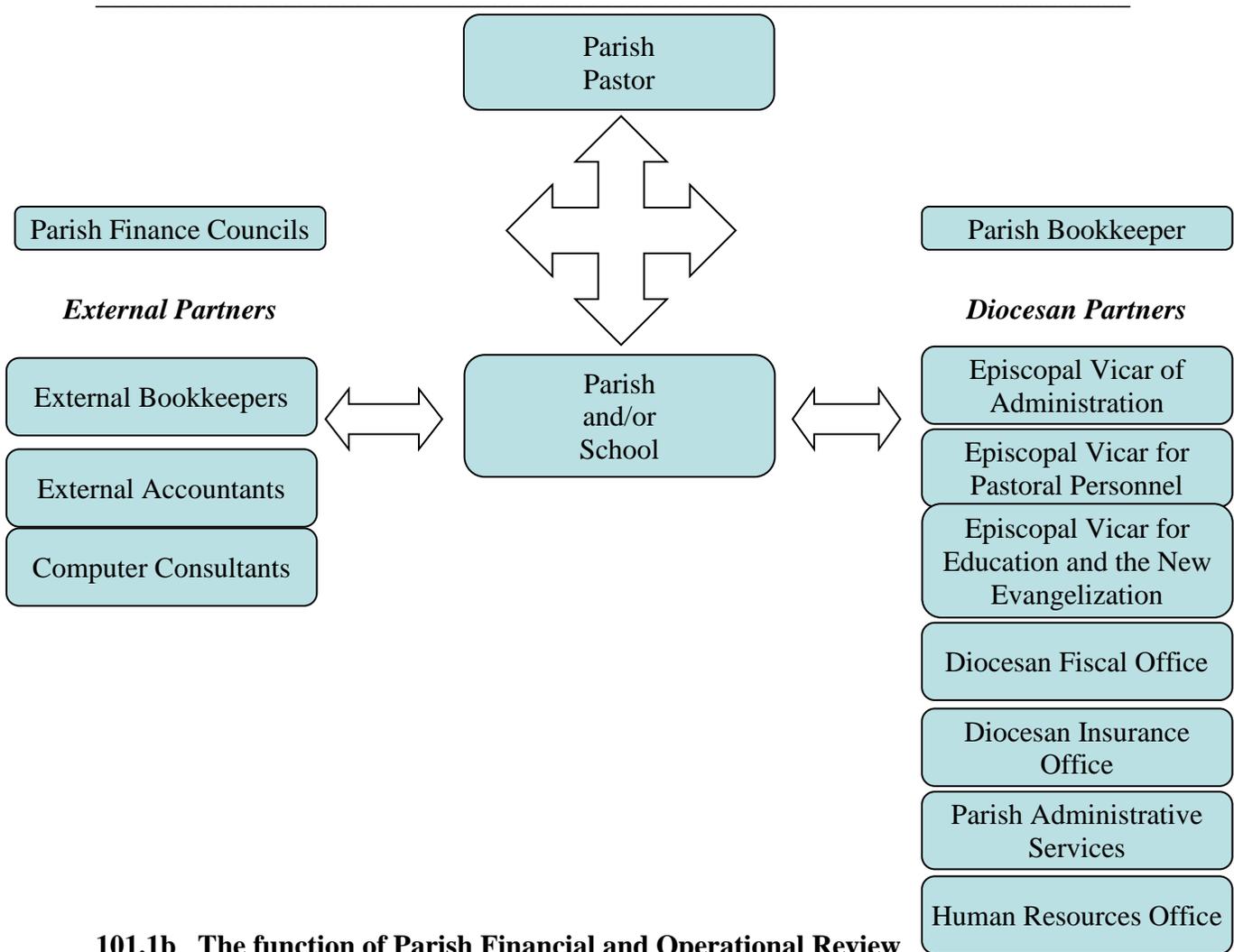
The Diocesan Fiscal Officer oversees the functions of Parish Administrative Service.

101.1 Parish Administrative Services

Parish Administrative Services encompasses Parish Training and Support as well as Parish Financial and Operational Review. This service supports the administrative and financial responsibilities of parishes and schools.

101.1a The function of Parish Training and Support

- implement the QuickBooks accounting software and provide ongoing QuickBooks support by organizing and conducting local training sessions;
- provide responses to accounting/fiscal questions raised by parish personnel;
- help parish personnel understand the accounting process and its pertinence to specific parishes and schools;
- help pastors/principals train bookkeepers to assist in parish and school financial reporting;
- develop and maintain an infrastructure of support resources to assist parishes and schools in financial recordkeeping and operations.



101.1b The function of Parish Financial and Operational Review

Parish Financial and Operational Review is an independent appraisal activity within the Diocese of Ogdensburg. Its function is to:

- review Diocesan policies regarding financial accounting;
- review financial internal controls of parishes and schools to minimize risk of fraud;
- ascertain that external financial reporting requirements of the Diocese of Ogdensburg and government agencies are complied with;
- test the accuracy of all Diocesan parishes’ and schools’ financial data;
- provide financial and operational guidance during the course of the operational review;
- determine that parishes and schools comply with Diocesan policies regarding insurance; and
- consolidate the annual financial information from parishes and schools for the Diocesan spreadsheet.

102 Parish Financial Organization

At the parish level, and under the direct supervision of the pastor, the following will assist the pastor with his financial responsibilities:

102.1 Parish Bookkeeper

The parish bookkeeper performs the day-to-day bookkeeping of the parish or school, using QuickBooks accounting software.

102.2 External Bookkeepers

The parish may use an external bookkeeper for routine bookkeeping if there is no parish bookkeeper, or if the parish bookkeeper needs assistance.

102.3 External Accountants

External accountants provide consultative services to parishes and schools. They help ensure compliance with financial recordkeeping and reporting requirements and can also advise on budgetary and operational issues.

The following is a suggested guide of segregation of duties for a two-person or three-person office:

SEGREGATION OF DUTIES CHART (Two-Person Office)

Business Manager/Bookkeeper	Pastor/Principal
1. Record receipts A/R (receive cash and checks)	Complete deposit slip
2. Write and Mail Checks	Approve and Sign Checks
3. Record general ledger entries	Approve
4. Record journal entries (debits/credits)	Approve
5. Reconcile bank statements	Perform inter-bank transfers Open all bank statements and review contents Review bank reconciliations and approve
6. Prepare payroll	Sign employee (teacher) contracts Approve employee forms (W-4, I-9, etc.) Approve employee time cards Approve payroll (initial payroll summary) Distribute payroll Sign annual/quarterly government reports
7. Disburse petty cash	Reconcile petty cash

SEGREGATION OF DUTIES CHART (Three-Person Office)

Bookkeeper	Business Manager	Pastor/Principal
1. Record accounts receivable A/R	Receive cash	Complete deposit slips
2. Reconcile petty cash	Disburse petty cash	
3. Write vendor checks Prepare payroll	Authorize purchase orders Process vendor invoices Distribute payroll Disburse petty cash Mail checks	Approve invoices for payment Approve employee forms (W-4, I-9, etc.) Approve employee time cards Approve payroll (initial payroll summary) Sign Checks Sign annual/quarterly government reports
4. Record general ledger entries	Approve	
5. Record journal entries (debits/credits)	Approve	
6. Reconcile bank statements	Open all bank statements and review contents	Review bank reconciliations and approve

200 Parish Overview Legal

Executive Summary

Parishes must comply with church and civil laws and the particular law and policies of the Diocese of Ogdensburg. Each parish is separately incorporated under New York State law. There are strict rules regarding the composition and responsibilities of the Board of Trustees. Each parish must also have an active, competent Parish Finance Council (CF Canon 537). This is a group of respected, qualified lay people who advise the pastor in his exercise of proper stewardship over the parish resources (CF Canon 532 128101288).

201 Legal Structure of the Parish

Parishes of the Diocese of Ogdensburg follow the Code of Canon Law (church law), the law of the State of New York (civil law), and the particular law and policies of the Diocese of Ogdensburg. Each parish is separately incorporated under the Religious Corporations Law of the State of New York and is operated at all times as a separate and distinct corporate entity with its own certificate of incorporation, by-laws (see Appendix D) and board of trustees. The original certificate of incorporation and by-laws are filed with the Chancery and copies are kept at the parish.

201.1 Board of Trustees

Under New York law, the Board of Trustees consists of the Bishop, as president of the civil corporation, the Vicar General as the vice president, the pastor or administrator of the parish as the secretary-treasurer and two lay trustees chosen by the Bishop, Vicar-General and pastor.

201.1a Meetings of the Board of Trustees

The Board of Trustees **must** hold an annual meeting. This is typically accomplished, at a minimum, by a meeting of the pastor and two lay trustees. Minutes of all meetings **must** be prepared and kept permanently in a bound book.

201.1b Responsibilities of the Board of Trustees

The Board of Trustees oversees the pastor's management of the parish. All major decisions about the funds and property of the parish must have approval of the Board of Trustees. In addition, the consent of the Bishop or in the absence, without the sanction of the Vicar General or Administrator of the Diocese (Religious Corporations Law, 91) is required before the parish takes any of the following actions:

- Mortgage, lease, sell, convey or otherwise dispose of any of its real property;
- Acquire by lease or purchase or accept by gift or devise, in trust or otherwise, any real property or interest therein;
- Accept by gift or bequest any money or other personal property that is subject to a trust or any other restriction or condition, excluding Mass stipends;
- Commence, settle, compromise or abandon any legal action or proceeding; or,
- Incur any expense in making repairs to the property of, or in purchasing/leasing of equipment for the parish in an amount greater than \$10,000.

201.2 Pastor

The pastor is the civil law secretary-treasurer and the administrative officer of the parish and has the following duties. Under the supervision of the president and vice president, the pastor:

- is responsible for all of the funds and property of the parish;
- keeps the funds in the name of the parish corporation at a bank (or banks) chosen by the Board of Trustees;
- keeps an accurate account of the receipts and disbursements of the corporation;
- makes a detailed financial report of the preceding fiscal year to the Board of Trustees at its annual meeting (see Section 400, Financial Reporting Requirements and Timetable);
- conducts all the official correspondence of the corporation and keeps a record of its meetings; and
- performs other duties and makes other reports as required by the Board of Trustees.

201.3 Lay Trustees

Lay trustees are active, responsible members of the parish who serve one-year terms from February 15 to February 15. They are nominated by the pastor and approved by the Bishop. A lay trustee may serve three successive one-year terms and may be reappointed only after at least one year has elapsed since the end of his or her last term. No compensation should be paid to lay trustees.

201.4 Parish Finance Council

201.4a Establishment

The Parish Finance Council is a consultative group of lay parishioners who help the pastor exercise proper stewardship by giving him advice about financial planning, analysis and compliance with policy. While canon law requires each parish to have a Parish Finance Council, good management practice provides ample testimony to the benefits of having an active Parish Finance Council. The Parish Finance Council is advisory to the pastor and its recommendations are valid only when accepted and ratified by the pastor.

201.4b Membership and Terms of Office

The Parish Finance Council includes the pastor and at least three, but not more than six, reputable and practicing members of the parish who are knowledgeable and skilled in financial matters and are known for their prudent judgment. The pastor is an ex-officio member of the Council. **The parish bookkeeper or accountant may not be a member of the Council, but may be invited to attend meetings.** Members of the Parish Finance Council cannot be related to the pastor or to any of the associate priests assigned to the parish. Members of the Parish Finance Council

serve a three-year term (recommended) and may be appointed to a second three-year term. It is recommended that no member should serve more than two consecutive terms. A member may be replaced by the Pastor for a just cause.

201.4c Regular meetings

The Parish Finance Council should meet at least twice each fiscal year. The pastor presides at the meetings and receives the Council's proposals. Each meeting should include a review of a current financial report in relation to the budget.

201.4d Record of meetings

Minutes of the Parish Finance Council meetings must be kept on file permanently in a bound book. They should include all significant actions taken at the meeting.

201.4e Responsibilities of the Parish Finance Council

The Parish Finance Council's mission and responsibilities are to assist the pastor as follows:

- create an annual budget for the parish;
- ensure that the Annual Financial Report is prepared and submitted to the Diocese in a timely manner, i.e. by August 15;
- provide the Parish Council with regular, periodic reports on the financial status of the parish;
- prepare and publish an Annual Financial Report for the members of the parish community;
- the Pastor (observing the diocesan guidelines for investment of surplus funds) should consult the Council concerning investments of parish funds in the Deposit & Loan Fund and in case of endowment and similar funds: the Foundation of the Roman Catholic Diocese of Ogdensburg; in the Diocesan Trust Fund; and the Cemetery Endowed (Perpetual) Care Funds in the Diocesan Plan;
- evaluate and make recommendations concerning the parish's support from offertory collections and other fundraising initiatives;
- develop a plan for financing necessary repairs, renovations and purchase of equipment;
- the Pastor should consult the Council concerning any expenditure of parish funds that require the permission of the Bishop or his delegate (at present, over \$10,000);
- the Pastor must consult the Council on proposals to buy or sell real property;
- develop a plan for systematic repayment of any parish debt;
- provide assistance in the oversight of all fund-raising programs;
- help the parish implement financial controls to minimize the risk of fraud;

-
- implement all Diocesan financial policies;
 - assist the Pastor in formulating parish personnel and benefit policies for lay employees, observing diocesan regulations;
 - in the absence of a buildings and grounds committee, develop and maintain a preventative maintenance plan for parish buildings and grounds and provide for necessary safety measures for parishioners, employees and buildings, and plan for long term improvements.

Executive Summary

There are specific rules and procedures in place to help the pastor with all aspects of financial management. They are intended to safeguard the assets of the parish and ensure that funds are used for the purposes for which they are intended. The Diocese provides guidance, support and assistance to help every parish follow the rules.

The rules specifically state:

- All funds must be accounted for in both their collection and disbursement.
- Monies should be handled by responsible parties.
- There is no distinction between gifts and donations.
- Gifts to the parish must be acknowledged, documented and recorded on the parish books.
- Gifts are tax-deductible to a certain extent, which is clearly defined by Federal law.
- Restrictions may be imposed on gifts only by the donor.
- Personal and parish funds should never be commingled.
- Payments for goods or services may not be made in cash or checks payable to Cash.
- A well-documented petty-cash fund must be maintained.
- Parishes must use QuickBooks Pro computerized accounting software system. The Diocese installs and supports QuickBooks Pro accounting software.
- The diocesan chart of accounts helps parishes accurately track their income and expenses.
- Payroll has its own complexities and can be handled by a third-party payroll service, such as ADP or Paychex. QuickBooks Pro software also has a Payroll module.
- The Diocese requires annual budgets and financial reports and conducts periodic operational reviews of each parish.
- Parishes with excess funds, even in the short term, are to invest them in the Deposit & Loan Fund. The Diocesan Trust Fund may be used for long term investments under certain conditions.
- Parishes needing money for capital improvements or repairs are to borrow only from the Deposit & Loan Fund. Parishes having difficulty meeting their operational expenses may apply to the Episcopal Vicar of Administration for assistance from the Deposit & Loan Fund.

In addition, there are detailed rules governing construction, renovation, sale, purchase and lease of church property. Also, the Diocese maintains a comprehensive insurance program, whose details change periodically.

301 Cash Management

301.1 Bank Accounts

301.1a Identification of Parish Bank Accounts at Financial Institutions

Bank accounts must be opened in the parish's name only, using the parish's Employer Identification Number and rectory mailing address. If a parish organization requires a bank account, the account should include the parish name and the name of the organization and rectory mailing address. The parish should periodically confirm the existence of all parish bank accounts by surveying its various organizations. Priest or other person must not commingle personal funds with parish funds.

301.1b Timely Reporting of Bank Accounts

A listing of all parish bank accounts and their balances must be made in the Annual Parish Financial Report submitted to the Chancery Office and to the parishioners. There are no exceptions.

301.1c Monitoring Parish Bank Accounts

The unopened monthly bank statement for all parishes' accounts should be given to the pastor to open; he should review the statements and investigate any anomalies. After the pastor's initial review, the bank statement can be passed on to the person responsible for reconciling.

301.1d Bank Account Signatories

Authorized check signers on all parish bank accounts are to include the pastor, Bishop, the Vicar General and an alternate signatory selected by the pastor. The alternate signatory may be one of the following: 1) the Parochial Vicar; 2) a priest in residence at the parish; 3) Pastoral Associate; 4) a full-time or part-time deacon assigned to the parish; 5) lay trustee; 6) the president of an organization. For schools, the principal is a signatory.

Normally, the pastor signs all checks. The alternate signatory should only be used on an exceptional basis. Bookkeepers, accountants and those who prepare checks or record transactions, must not have signing authority on any parish bank account. Two signatures are required where the check amount exceeds \$5,000.

For ancillary parish-related organizations such as a Parent-Teacher Organization, the pastor can authorize the organization's president to be designated as a signatory, as circumstances warrant. The treasurer of the organization must not be a signer.

Facsimile signatures are prohibited unless controlled by a secure check signing machine with a numerical sequence counter. **Signature stamps are not permitted.**

301.1e Monthly Reconciliation of Bank Accounts

Monthly bank statements must be reconciled to the accounting records in a timely manner. The monthly reconciliation of bank accounts must follow these rules:

-
- Reconciling items are to be investigated, resolved and duly recorded.
 - The detail bank reconciliation must be printed each month from QuickBooks.
 - Manual accounting should use the preprinted format provided on the back of the bank statement. Bank reconciled items such as outstanding checks and in-transit deposits should be properly identified on the bank reconciliation.
 - Whenever possible the account reconciler should not be an authorized signatory on the bank account nor should it be the parish bookkeeper.
 - For those parishes without an outside accountant, a qualified third-party may assist the pastor in the reconciliation of bank accounts.
 - The reconciliation must be signed and dated by the person reconciling the account. The pastor must initial the completed reconciliation.

301.1f Excess Operating and Other Funds

Excess operating funds (i.e. those not needed within the next 90 days) should be deposited in the Deposit & Loan Fund. (See Section 303.1, Deposit & Loan Fund.)

301.1g Use of the Parish Tax Identification Number

All parish bank accounts must use the parish Employer Identification Number, with no exceptions. Bank accounts should not be opened in the parish's name or using the parish Employer Identification Number unless there is a direct connection between the purpose of the account and the parish. Parishes should open only the minimum number of accounts necessary to operate the parish. The main parish bank account should be used whenever possible. The parish accountant/bookkeeper can track the activity of individual organizations within the main bank account by posting the organization's transactions to the appropriate expense or revenue account, using the Chart of Accounts.

301.1h Opening and Closing Bank Accounts

Only the pastor, or another authorized person, is permitted to open and close parish bank accounts. In most cases, the pastor will handle this responsibility for the parish. Checking bank accounts must have the original cancelled checks or photocopies of the cancelled checks returned with the parish bank statements, **without exception.**

301.1i Automatic Account Debits

Automatic debit arrangements are those in which recurring payments to vendors are automatically deducted from the parish's operating account. Such arrangements should be entered into only on an exceptional basis and with good business reason, i.e. extended payment terms or additional discounts. The parish should obtain written confirmation from the party originating the debit, defining the terms and conditions under which debits will be allowed. This confirmation should be retained by the parish and reviewed annually.

301.1j Choice of Banking Institution

Parish bank accounts should be consolidated at one financial institution. If this is not feasible, pastors should use as few institutions as possible. The Diocesan Fiscal Office can provide guidance concerning financial institutions.

FDIC Insured Banks: The Federal Deposit Insurance Corporation (FDIC) is an independent agency of the United States government. The FDIC protects depositors against the loss of deposits if an FDIC-insured bank or savings association fails. FDIC insurance is backed by the full faith and credit of the United States government.

To check whether the bank or savings association where parish funds are held is insured by the FDIC, call toll-free 1-877-275-3342 or use the FDIC Institution Directory at www2.fdic.gov/idasp.

The FDIC insures deposit accounts such as checking, savings accounts, money market deposit accounts, and certificates of deposit (CDs). The basic insurance limit is \$100,000 per depositor per insured bank. If the parish has \$100,000 or less in all of its deposit accounts at the same insured bank, the funds are fully insured.

The FDIC does not insure funds invested in stocks, bonds, mutual funds, life insurance policies, annuities, or municipal securities, even if these products are purchased from an insured bank.

301.1k Physical Security of Blank Check Stock

Blank checks should be retained in a secure, locked location with restricted access. **Blank checks should never be pre-signed.**

301.1l Change in Pastoral Leadership and Other Signatory Changes

Signers who have left the parish or otherwise relinquished responsibility for the bank account should be immediately removed as authorized signers. Any time such a change of signature(s) is required on a bank account, the pastor must re-sign the new signature card(s). **Photocopies of all bank signature cards should be on file at the parish office.** When a bank account is closed, an inventory of the remaining check stock should be completed and reconciled to the Check Issued log. Once this has been satisfactorily completed, the remaining check stock should be shredded.

Please note that the above steps are required and will assist the pastor in maintaining control over all bank accounts.

301.2 Revenue and Collections

301.2a Sunday, Holy Day and Other Collections

301.2a1 Proper Collection Procedures

The proper procedure for securing the Offertory or other collection is:

- After the collection at a Mass or other service, the offering should be brought to the front of the church for the remainder of the service.

The Diocese recommends that the parish contact Alert Security Products by calling 1-888-467-1916 or for online shopping at www.securitybag.com to purchase tamper-evident bags. When online on the home page of the previous web-site select the link on the left for “Bank Deposit & Currency Transfer Bags” then scroll down towards the bottom in order to select the size of bags needed for your collections. Alert Security Products will send you a sample package if you request it by selecting the “sample” button at the top of the home page.

- The tamper-evident bag should be sealed and placed in a secure area until it is taken from church.
- After services, the funds should be secured in a locked safe by two designated collectors or immediately counted and deposited.
- The two individuals that count the deposit should not have access to the secured area (safe, locked cabinet, etc.) where the bag is temporarily stored.
- No funds are to be left in the church overnight.
- This bag should be kept as part of the backup for the collections along with the tally sheet and census report.

301.2a2 Count Teams

The count should be performed by at least two designated, unrelated persons (but never the parish bookkeeper). If a designated counter is not available, then a substitute counter may be assigned. The collection should be retrieved by the Pastor or secretary and the deposit bag opened by two members of the counting team. At no time should the bag be opened by one individual for sorting or counting.

301.2a3 Proper Rotation of Count Team Duties and Members

Whenever possible collections should be counted by multiple count teams which are rotated periodically. Collections should be counted as soon as possible, in all cases not more than one business day later. The collection must be counted on parish premises. Parish funds must never be taken to an individual’s home for sorting and counting.

301.2a4 Proper Handling of Collections

The recommended procedure for handling collections is:

- Church envelopes should be separated from loose checks and loose cash. (See 301.2a7, Tracking Parishioner Contributions).
- Currency and coins should be organized by denomination.
- All checks should be endorsed by stamping “For Deposit Only to (parish bank account number)” on the back of the check.

-
- Each counter should count the funds and record the amount without conferring with the other counter.
 - Each counter should also confirm that the amount contained in each envelope is accurately noted on the envelope.
 - After the funds have been totaled by each of the counters, the amounts should be compared and reconciled.
 - The offertory tally sheet prepared should differentiate among envelopes, loose checks and cash collected and signed by both counters.
 - When the tally sheet is prepared, a deposit slip should be prepared by the counters. The parishes must use duplicate deposit slips. Counter receipts from the bank give no detail for the deposit, therefore duplicate deposit slips should be used.
 - A designated person should be responsible for making the bank deposit.
 - The deposit should be brought to the bank and one of the duplicate deposit slips should be stamped by the bank.
 - This slip should be attached to the offertory tally sheet and presented directly to the pastor (or to his designated representative other than the bookkeeper) for reconciliation.
 - Once reconciled, tally sheets and deposit slip should be given to the bookkeeper so it can be recorded in the financial records.
 - Tally sheets and its deposit slip and any other back up (census report, tamper evident bags, etc.) for the collection should be retained for 7 years for future reference.

301.2a5 Adequate Physical Safeguards

The standard procedure for handling collection funds is based on the principle of dual control, i.e. a minimum of two persons should be involved whenever cash and checks are being handled. Likewise, other physical safeguards such as tamper evident bags, a secure safe and restricted access to keys and combinations should be observed. Keys should be numbered and an inventory should be kept of who is in possession of these assets.

301.2a6 Adequate Segregation of Duties

Different individuals should perform the receiving, processing, recording and reconciliation functions. Likewise, those in possession of keys to deposit bags should not have the combination to the safe where such bags are stored pending counting. Please contact the Diocesan Coordinator of Parish Audits and Fiscal Support Services for assistance in any situations where these procedures are not being followed.

301.2a7 Tracking Parishioner Contributions

This procedure should be followed by the counters to ensure that all parishioner contributions are accurately recorded:

- Open all envelopes and ensure that the amount enclosed is correctly written on the outside of the envelope.
- Circle the correct written amount.
- Loose checks which are not in an envelope should be kept separate and photocopied to substantiate evidence of parishioners' charitable contributions.
- Each envelope should be posted to the parishioner census report.
- Each loose check which can be identified to a parishioner should be posted to the parishioner census report.
- If the loose check from a local person is not identifiable to someone on the parish census, create a new record on the parish census.
- The process of posting contribution amounts to the parish census should be adequately supervised to ensure complete accuracy.
- Keep offertory envelopes six months after PDS statements have been issued (i.e., quarterly, semi-annual, or annual) so that disputes by donors can be resolved if necessary.

301.2a8 Parishioner Contribution Statements

Contributions by parishioners should be tracked and recorded. Statements should be offered to all parishioners. To comply with Federal tax requirements, detailed gift statements must be prepared and distributed to all parishioners annually. Interim statements should be made available on the request of the parishioner.

301.2a9 Reviewing Parishioner Contribution Summary Report

Periodically (but at least semi-annually), an individual who is not involved in the collection, counting and posting to the parishioner list should reconcile the amount posted to the parishioner census report to the tally sheets. The amount posted to the parishioner census report should equal the total envelope donations reported on the tally sheets. Investigate and reconcile any discrepancies.

301.2b Other Cash Revenues (Poor Box, Votive Lights, Bingo, etc.)

The donated funds should be collected and deposited on at least a weekly basis. Bingo revenues must be appropriately processed on a same-day basis and all New York State Racing and Wagering Board rules and regulations must be followed. Only Mass intention offerings should be deposited in the Mass Stipend account.

301.2c Other Parish Programs and Events

301.2c1 Fund Raisers

Cash collection points at fund-raising events should be minimized. Ideally, this is done by designating one area where payments are made for tickets that can be used for the various items and attractions. When tickets are used, a record of the tickets must be kept, identifying the number of tickets distributed to each ticket seller and then reconciling the tickets and cash collected. The person selling tickets should not collect tickets or admit patrons.

Two or more people should be responsible for the funds. They should visit the cash collection points frequently and remove all money in excess of what is needed to make change. The funds should be placed in a tamper evident deposit bag and secured in a locked area until they can be counted and deposited in the designated bank account. Please note that bank accounts for separate activities should be kept to a minimum to maintain internal control.

301.2c2 Raffles

Raffles are a popular fundraising vehicle for parishes, but they require adherence to certain Internal Revenue Service rules. These include:

- Payments made for the purchase of raffle tickets do not constitute a charitable contribution and are not tax-deductible.
- The prizes awarded represent taxable income to the winners.
- If the prize is \$600.00 or more, the parish should request and receive the winner's name, current address and taxpayer identification number (generally the Social Security number). Federal form W-9, *Request for Taxpayer Identification Number and Certification*, should be completed by the prize winner.
- For prizes greater than \$5,000 – the parish must withhold 25% of the prize money as Federal income tax. If the prize is not in cash (i.e. car or vacation), the parish must collect from the prize winner 25% of the fair market value of the prize on the date won prior to delivering the prize. In the case where the parish is paying the withholding tax for the prize winner the withholding is 33.33% of the fair market value of the noncash payment minus the amount of the wager.
- Deposit all nonpayroll (Form 945) withheld Federal income tax, including backup withholding, by electronic funds transfer. Do not combine deposits for Forms 941 or 944. At the end of the calendar quarter, the parish must report the prize amount(s) and the amount(s) withheld on Federal Form 945, by January 31.
- Year-end reporting is required if the amount won is between \$600 and \$5,000 and is at least 300 times the amount of a wager

(cost of ticket purchased), OR if the amount won exceeds \$5,000. The winnings are reportable on Form W-2G, which should be mailed to the winner by January 31 of the following year. Copies of Form W-2G should be mailed to the IRS and the NYS Department of Taxation, along with Form 1096 by February 28 of the following year.

- If the winner refuses to provide a taxpayer identification number, backup withholding is required at the rate of 28% of the cash or fair market value of the prize if the amount won is between \$600 and \$5,000 and is at least 300 times the amount of the wager, OR if the amount won exceeds \$5,000.

Raffles **must** be registered with the New York State Racing and Wagering Board:

New York State Racing and Wagering Board
1 Watervliet Avenue Extension, Suite 2
Albany, NY 12206
Phone: (518) 453-8460

The parish must also contact the local municipality to determine whether local permits are required.

If there are any questions regarding regulations of raffles, please contact Parish Administrative Services.

301.2d Unrelated Business Income Tax (UBIT)

Churches and religious organizations may engage in income-producing activities unrelated to their tax-exempt purpose as long as the unrelated activities are not a substantial part of the organization's activities. However, net income from such activities will be subject to UBIT if the following three conditions are met:

- the activity constitutes a trade or business
- the trade or business is regularly carried on
- the trade or business is not substantially related to the organization's exempt purpose

Exceptions are allowed if an activity meets any one of the following criteria:

- substantially all the work is performed by volunteers
- the activity is conducted primarily for the convenience of its members
- the trade or business involves the selling of merchandise substantially all of which was donated.

Examples of unrelated trade or business activities:

1. Advertising
 - inclusion of sale of advertising in weekly bulletins
 - inclusion of sale of advertising on websites
2. Gaming
 - Sale of pull tabs
 - Raffles
 - Bingo
 - if workers are paid
 - if “instant Bingo” cards are used
 - if conducted by a for profit organization
 - if in violation of state/local laws
3. Rental of Parking Lots
 - owned by the church
 - not used by parishioners and guests while attending church services
 - a fee is charged for use by general public
 - if parking lot is leased to a third party who operates it the rent is not subject to UBIT.

The Tax Cuts and Jobs Act signed into law on December 22, 2017, added a new UBIT provision which requires tax-exempt organizations with more than one unrelated trade or business to treat each business as a separate silo for purposes of calculating its unrelated business income. Previously, organizations could offset gains from one unrelated activity with losses from another.

301.3 Expenses and Disbursements

301.3a Cash Disbursements

301.3a1 Documentation

These rules should be followed:

- Only the pastor, parish staff and those specifically designated by the pastor are authorized to make purchases for the parish.
- Only purchases pertinent to the business of the parish should be authorized. Purchases for personal benefit are prohibited.
- Vendors should be instructed to send invoices directly to the parish bookkeeper, who will match the invoice with receiving documentation, secure appropriate approval, and then schedule payment. No payment should be made unless all documents match.
- In the absence of a vendor invoice, a written and approved check request is required before a check may be issued. The issued check should include the vendor’s invoice number or equivalent.

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- Once paid, the invoice or check request should be stamped “PAID” or “CANCELLED”, then the number, date and amount of the check should be noted on the paid invoice or check request.
 - Invoices should be filed in alphabetical order by vendor name and segregated by fiscal year. Invoices should be retained for seven years EXCEPT for LEGAL or CAPITAL invoices which are permanent records and cannot be destroyed.

301.3a2 Approval of Disbursements

Original supporting documentation as described in 301.3a1 should be reviewed and approved by the pastor or his designee by initialing them prior to payment.

301.3a3 Prevention of Duplicate Payments

Invoices should be stamped “PAID” or “CANCELLED” when paid to prevent duplicate payments. The number, date and amount of the check should be noted on the paid invoice. In the case of petty cash and other bills with multiple invoices, the face invoice may be marked and the other invoices cancelled by drawing a diagonal line through them. This will ensure maximum control over cancellation of invoices and to prevent possible resubmission. Paid invoices must be retained in the vendor file as described in 301.3a1 above.

301.3a4 Proper Controls over Checks

Unused check stock should be stored in a restricted area which is inaccessible to authorized check signers other than the pastor. Checks must be pre-numbered and a log of issued checks must be maintained. Blank checks must never be pre-signed for any reason.

301.3a5 Checks Payable to Cash and Void Checks

No check should ever be made payable to Cash. Voided checks must be stamped “VOID” and cut out the signature area of the check in order to provide a more effective control of voided checks. Keep all voided checks filed numerically with cancelled checks or facsimiles (bank statement copies of checks) for future reference.

301.3a6 Use of Credit Cards

Credit cards issued in the name of the parish or the school are permitted.

- The limit on the credit card should not exceed \$1,000.00.
- Only the pastor or parish staff designated by the pastor are authorized to make credit card purchases for the parish.
- The bookkeeper shall attach receipts, invoices and receiving documentation for each transaction to the billing statement.
- Purchases for personal benefit are prohibited.
- All credit card bills must be paid by the statement due date.

301.3a7 Use of Tax Exemption Letter

Use of the Tax Exemption Letter should be reserved for purchases on behalf of the parish. Under no circumstances should the Letter be used for personal purchases. The Letter should be safely secured so that access is limited to authorized individuals.

301.3a8 Use of Electronic Funds Transfers

The use of Electronic Funds Transfer (EFT) systems for vendor payments is permitted under the following rules:

- The EFT process must require authorization by the pastor or another authorized payment check signer (see 301.1d) prior to actual transfer of funds.
- The individual preparing EFT payment cannot authorize the payment.
- Supporting documentation pertaining to the EFT payment, to include hard-copy of the payment authorization documentation, is to be maintained and filed by vendor.
- Direct deposit of employee payroll is permitted providing that the rules pertaining to preparation/authorization outlined above are followed.

301.3a9 Segregation of Duties

a) Purchasing

The pastor is responsible for all commitments made on behalf of the parish. The pastor may delegate purchasing responsibilities while retaining and exercising his authority for final approval of any disbursement of parish funds. Purchases should be made within the constraints of the parish budget. Since the budget represents a guideline for parish spending, purchases in excess of the amount budgeted for any category of spending require specific authorization from the pastor.

b) Receiving

Upon receipt or delivery of goods or services to the parish, an authorized individual should acknowledge the receipt or delivery thereof by verifying the goods or services received against what was authorized and obtaining documentation from the vendor providing details of the goods or services provided. This documentation should be signed and promptly forwarded to the parish office.

c) Processing Invoices

Upon receipt of an invoice, an authorized person should verify that the goods were received, or the service provided, by reference to a signed receiving document as described above. In the absence of a vendor invoice, a written check request approved by the pastor is required before a check can be issued.

d) Check Control

Periodically, checks should be prepared on the basis of an original vendor invoice (photocopies of invoices are not permitted) or properly authorized written, dated check request. The check should include the vendor invoice number(s) or equivalent. The checks and supporting documentation (invoice or check request) should then be forwarded to an authorized signatory for final review and signature. The checks should be placed in the mail by a responsible party. Checks must not be left unattended prior to being mailed.

301.3b Petty Cash

301.3b1 Size of Fund

The fund should be set at a fixed amount based on activity, but should not exceed \$100. The petty cash fund must be maintained on the parish books as a cash account.

301.3b2 Petty Cash Transactions

Petty cash funds are designated for miscellaneous small dollar expenses (less than \$10) of the parish. The petty cash fund is not to be used for disbursements of the type covered under Section 301.3a, Cash Disbursements. The petty cash fund is not to be used to cash checks of any kind.

301.3b3 Documentation for Disbursements

All disbursements from petty cash should be made against receipt of an approved petty cash voucher. The voucher should be signed by the pastor or his designated representative for approval. Vouchers should indicate the date, account number and purpose, to whom paid and amount. The person receiving the cash should sign and date the petty cash voucher to acknowledge receipt of the cash. Petty cash vouchers and accompany invoices should be kept with the petty cash fund until the account is reconciled and then should be filed.

The two types of voucher methods used to disburse petty cash funds are as follows:

- **Items purchased with personal funds:** The store receipt(s)/invoice(s) must be given to the petty cash custodian who will fill out a voucher (as mentioned earlier) that will total the amount of receipts and must be approved by the pastor or his designated representative before funds are released. Once the approval is given then the petty cash custodian will release the petty cash funds to the individual for the exact amount of the voucher. The individual will then sign the voucher acknowledging the receipt of cash.
- **Advance of petty cash funds with a voucher (IOU's):** The petty cash custodian will fill out the voucher (as mentioned earlier) and

also labeling it IOU. Approval of the voucher by the pastor or his designated representative must be obtained before petty cash funds are released to the individual. The petty cash voucher items should be purchased within 24 hours and a receipt obtained from the store. This store receipt and any change given back from the store should be returned in to the petty cash custodian to be used as back-up for the expense.

- **Exceptional case would be without invoice:** write a note for the purchase and list amount and date of purchase.

Meal receipts must show dates, nature of engagement and names of persons present and all this should be written on the back. Meals must be listed on a daily individual basis – no lump sums or per diem charges are allowed.

301.3b4 Replenishment of the Petty Cash Fund

When almost all of the cash in the box is depleted another check should be drawn equal to all of the approved vouchers. The petty cash fund should be restored to its fixed amount whenever it is replenished. The petty cash account must be reconciled whenever the fund is replenished. At all times, the total of cash, signed petty cash vouchers contained in the cash box should equal the beginning petty cash amount. A listing of totals by account number should be entered on a petty cash reimbursement voucher along with the total amount of reimbursement and supporting documentation to be submitted to the pastor for approval. The reimbursement process is completed by issuing a check drawn on the main parish bank account to the petty cash custodian, i.e. Jane Doe, Petty Cash Custodian. Petty cash checks must be made out to the individual not “Cash”. No cash receipts (plate, donations, etc.) should be deposited directly into the petty cash account.

301.3b5 Authorized Custodian/Physical Security of Petty Cash Fund

The fund should be in the sole custody of one person who should balance the fund at least monthly. The fund should be kept in a lockable box inside a safe. Someone other than the custodian should periodically audit the fund balance.

301.3c Loan Service

301.3c1 Types of Parish Debt

Subject to the separate requirements and procedures governing the borrowing of money, parish indebtedness may be processed only through the Deposit & Loan Fund.

301.3c2 Budgeting for Parish Debt

All current outstanding debt and approved-but-not-yet-borrowed debt is to be included in the annual parish operating budget. This will include all scheduled interest payments and all scheduled principal amortization payments.

301.3c3 Parish Debt Payments

Cash disbursements for parish debt payments are subject to the requirements of Sections 301.3a1 and 301.3a2.

301.4 Endowments and Gifts

301.4a Accepting and acknowledging contributions

A charitable contribution is a donation or gift to, or for the use of, a qualified organization. It is voluntary and made without the expectation of receiving anything of value in return. Charitable contributions **DO NOT INCLUDE** the value of a volunteer's services, payments made for services rendered or contributions earmarked by a donor for the benefit of another who is not a tax exempt organization.

Donors may wish to take a charitable tax deduction for their contribution. To do so, the donor must be able to substantiate any contribution of \$250 or more with a contemporaneous written acknowledgment from parish. A cancelled check is not adequate.

In this case the parish should provide a timely, written acknowledgment. It must contain the following information:

- The amount of cash contributed or a description (not a valuation) of contributed property other than cash;
- The date of the contribution;
- Whether or not the parish provided any goods or services in consideration of the contribution;
- A description and good faith estimate of the value of any goods or services provided by the parish in consideration of the contribution;

The "*Policy for Acknowledgment of Charitable Contributions*" is stated in Appendix F.

301.4a1 Stock gifts

Contributions of stock can be received in two ways: either by certificate transfer or electronically. The stock gifts are to be immediately sold following the procedures stated in Appendix F. Contact the Diocesan Fiscal Officer if assistance is required.

301.4a2 Other non-cash gifts

All other non-cash gifts, including real estate, bonds, insurance policies, investment interests, automobile and boats must be approved by the Bishop, or his designee, before acceptance.

301.4a3 Quid Pro Quo contributions

Quid Pro Quo contributions are payments made partly as contributions and partly in consideration for goods or services furnished to the donor. An

example of this is a catered parish dinner dance, where the cost of the ticket is \$75, but the parish is paying \$25 per person to a caterer. The parish is required to disclose (in the solicitation material, on the ticket or in a program) that the amount of the contribution deductible for Federal income tax purposes is limited to the excess of the amount of money contributed over the value of the goods or services provided by the parish. In the example, the tax-deductible amount would be \$50. The parish is required to give the donor a good faith estimate of the value of the goods or services.

All parishes and schools involved in fundraising events involving quid pro quo contributions in excess of \$75 must develop written materials to inform contributors of the estimated value of goods or services provided and inform them that the amount of the contribution deductible for Federal income tax purposes is limited. These written statements must be given to all donors contributing \$75 or more at the time of the solicitation or upon receipt of the actual contribution. See Appendix F for additional information pertaining to Quid Pro-Quo contributions.

301.4b Restricted donations

301.4b1 Defined

Donations or bequests may be restricted only by the donor. The donor must stipulate, in writing, the amount and specific purpose for which the funds are to be used. Funds given for a general purpose, such as “upkeep of the church”, are too broadly defined and too implicit a part of parish operations to be considered restricted, even when specified in writing.

301.4b2 Accepting

By accepting a restricted gift, the parish agrees to abide by the restriction placed on the gift by the donor, under penalty of forfeiture. Restricted gifts in excess of \$10,000 may only be accepted after approval of the Bishop, or his designee. This is for the protection of all involved.

301.4b3 Record-keeping

Detailed records must be kept for each individual restricted gift, from the time of acceptance to the time that the gift has been spent. QuickBooks accounting software system is equipped to accurately track restricted funds.

301.5 Special Fundraising Campaigns

Special fundraising campaigns, such as increased revenue and capital campaigns, must be approved in advance by the Board of Trustees of the Parish Corporation and have the advice and consent of the Parish Finance Council and Parish Pastoral Council. Capital campaigns must have the written approval of the Chancellor. Monies donated through special fundraising campaigns conducted by a parish for a specific purpose can be considered restricted funds only if supporting documentation is provided. Acceptable documentation includes printed brochures prepared for the specific campaign and printed collection envelopes that clearly state the purpose of the campaign and the name and address of the donor. The parish

must maintain a detailed record of the amount raised from each donor. Pledge cards, envelopes and other documentation must be kept three years past the end date. Documentation supporting the specific campaign must be submitted with the annual financial report.

Capital campaigns generally have a payment schedule of three to five years. Parishes should bill donors according to their specific requests, i.e. monthly, quarterly or annually.

301.6 Payroll

301.6a Payroll Taxes and Filing

Introduction: Payroll is often the largest category of expense for employers. Employee compensation is governed and inspected by Federal and State regulatory agencies. Due to this scrutiny, it is imperative that your parish complies with all payroll and personnel laws. You may use (but are not required to use) a Payroll Service to administer your payroll due to changing, increasingly complex tax laws and compliance issues. Payroll taxes (social security, Medicare and federal and state income tax) must be withheld from all lay employee wages. Payroll tax withholding for priests is different than that of lay employees. Priests are considered employees of the parish for Federal income tax purposes but are considered self-employed for Social Security Administration purposes. **Thus, parishes are forbidden from paying any Social Security (FICA) taxes and Medicare taxes for, or on the behalf of, priests.** Instead, priests are required to pay SECA (self-employment) tax that is their contribution for social security benefits.

301.6b Employee or Independent Contractor

Introduction: The employer and employee relationship is regulated by the Federal and State Labor Departments. These agencies established employment laws that must be followed by the parish (employer) to avoid any violations.

The following is a guide to assist the parishes in their day-to-day employer and employee relationships:

301.6b1 Employees

Parish employees are generally paid on a salary (exempt) basis or on an hourly (non-exempt) basis. An exempt employee is not paid an hourly wage and is exempt from collecting overtime pay. In order for a position to be classified as exempt, the position must meet certain requirements related to job responsibilities and the amount of salary paid for the position. Assistance in determining if a position may be exempt is available by contacting the Diocese's Human Resources Office.

301.6b2 Diocesan priest

301.6b2.1 Overview

- 1) Please refer to Pastoral Handbook Section 403 for the most recently approved compensation scale and related benefits for priests serving the Diocese of Ogdensburg.
- 2) The reporting change took effect for the calendar year 1999. The canonical relationship between the Bishop and the priest remains unchanged.
- 3) For IRS purposes priests are considered employees (W-2), but for Social Security purposes priests are considered an independent contractor (self-employed). Priests are the only dual status employees. Priests will continue to pay the full cost of Social Security taxes in accordance with IRS regulations. **(The employer cannot make any payments to the IRS for Social Security and Medicare taxes for priests.)**
- 4) Payments received for celebrating weekend masses are considered employee wages and must be reported on Form W-2 by the parish paying the priest. The minimum compensation for weekend masses is \$175 per weekend.
- 5) Mileage for travel to a parish to perform weekend services is to be reimbursed by the related parish and is not included as W-2 earnings.
- 6) Mass stipends will continue to be reported on Schedule C of a priest's tax return. Mass stipends are not to be reported on form W-2. The parish must send to each priest at the calendar year end on parish letterhead a statement of the total Masses said and dollar value paid to each priest.

Mass Stipends are to be paid directly from the Mass Stipend bank account to the priest who fulfills any particular intention.

- 7) A priest's business mileage submitted to the parish may not exceed 27,000 miles per fiscal year. Priests will continue to be allowed to take reimbursements directly from the parish for automobile mileage in excess of 750 miles per month at the rate approved each year by the IRS; this excess mileage is not subtracted from the priest's compensation on form W-2. Other legitimate business expenses with a maximum of \$3,400 per fiscal year paid for by the priest and not reimbursed by the parish may be excluded from the income reported on the priest's W-2 if receipts for such expenses are provided to the parish on a timely basis. Other legitimate business expenses include:

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1. Parking fees and tolls
 2. Business meals and entertainment
 3. Vestments
 4. Dues and Subscriptions
 5. Books
 6. Homiletic Aides
 7. Religious Supplies/Software
 8. Retreats
 9. Telephone/Cellular phones (Business portion)

The following numbers 8-10 are for the priest's income tax forms:

- 8) Any expenses previously deducted on Schedule C which have not been deducted from W-2 income, can be shown on Form 2106 and carried forward to Schedule A as an itemized deduction.
- 9) The minimum housing allowance to be used in the computation of self-employment is \$3,600. Is always reported on form W-2 box 14 "Other".
- 10) Gross earnings for self-employment taxes include Schedule C earnings and W-2 earnings plus the housing allowance value of the rectory provided by the church.

301.6b3 Hourly wages

The Fair Labor Standards Act (FLSA) establishes minimum wage, overtime pay, recordkeeping, and child labor standards affecting full-time and part-time workers in the private sector and in Federal, State, and local governments. Covered non-exempt workers are entitled to a minimum wage of not less than \$10.40 an hour (New York State minimum wage as of December 31, 2017). Overtime pay at a rate of not less than one and one-half times their regular rates of pay is required after 40 hours of work in a workweek. The time-and-a-half is only paid for actual hours worked. Paid benefit time (sick days; vacation) hours are not included as part of the 40 hours worked. For additional information, refer to the Department of Labor's website at www.dol.gov, the New York State Department of Labor's website at www.labor.ny.gov/home/

301.6b4 Eligibility for employment

The parish must verify that each new employee is legally eligible to work in the United States. This will include completing the U.S. Citizenship and Immigration Services (USCIS) Form I-9, Employment Eligibility Verification. For more information on Form I-9 and how to complete this form, please see number 301.618 under Annual Filings below.

301.6b5 Independent contractor

An independent contractor is paid by the project and may only provide services to the parish under the terms of a written agreement. The agreement must clearly set forth the scope of work, time of performance and compensation. Engaging an independent contractor with the expectation of an indefinite relationship, rather than for a project or period of time, usually classifies that individual as an employee. Independent contractors do not receive employee benefits such as medical insurance, vacation pay and paid holidays. For more information on Independent Contractors please see number 301.6j Reporting for Independent Contractors.

301.6b6 Form W-9

A Form W-9 must be on file for service providers (independent contractor) who are not employees of the parish regardless of amount paid.

301.6b7 Volunteers

Volunteers do not receive pay or other compensation, and are not employees. Volunteers may receive gifts of nominal value (i.e. turkey, ham etc.) at Christmas or other holidays, but they may not receive any forms of compensation (i.e. cash, bonuses, a gift certificate etc.) for their services. An employee may **not** elect to be paid for some hours worked on a particular job and also “volunteer” some hours worked at no pay in the same job function. An employee may volunteer to help the parish, but only in **some other capacity or job** for which they are not paid.

301.6b8 Payment method

Salary and wages paid to employees must always be paid by check or direct deposit through the payroll system. Salary and wages must never be paid in cash. Cash payments are violations of Federal and New York law. Payments to independent contractors must always be made by check through the accounts payable system. When engaging an independent contractor, the parish must verify the contractor’s Social Security number or Taxpayer Identification Number and have the person sign a Form W-9. Payments to employees and/or independent contractors must be duly recorded in the financial records of the parish.

301.6b9 Employment status

All changes to employment status must be documented and include the approval of the pastor for parish employees and the principal for school employees. Former employees must be made inactive and/or removed from the payroll system immediately. The date of the status change and the date of the last check must be documented. The Diocese Human Resources Office must be notified promptly of employment status changes for all employees.

301.6c Personnel files

Personnel files must be maintained for all employees. The employee's personnel file should include:

- Job application and/or resume (if submitted)
- Salary Job Offer letter
- Copy of employee's Social Security Card
- All W-4 Forms (employee withholding allowance certificate)
- All IT-2104 Forms (needed only if state withholding differs from federal withholding certificate)
- Form I-9 (employment eligibility verification)
- Acknowledgment of Policy Relating to Sexual Misconduct
- Diocese New Hire form completed (forward this to Diocese Human Resources Office)
- Annual Performance Appraisals: Documentation of poor performance – documentation should include date(s) of occurrence, corrective action, resolution deadline, and signature of the supervisor and employee.
- Authorization for direct deposit (only if direct deposit is used for payroll)
- Short Term Disability enrollment application
- Employee's Retirement enrollment application

Additional benefit enrollment applications if provided by the parish should also be kept on file for all employees:

- Health Insurance
- Life Insurance
- Long Term Disability
- Tax Sheltered Annuity (403(b)) Plan
- Personal Lifestyle Protector Cancer Plan

Other items that should be kept with the lay employees file are as follows:

- Timesheets for all lay employees (exempt or non-exempt)
- All request for Vacation, Sick, or Personal time off
- And all other additions and deductions documents pertaining to an employees pay

301.6d Payroll Processing

Timesheets are required for exempt and non-exempt employees as a condition of employment. Exempt employees need only indicate whether present or absent (with explanation). Non-exempt employees must indicate the number of hours

worked per day. No one other than the employee may make entries to the timesheet. All employees must sign the timesheet and submit it to the payroll office at the end of the pay period. All timesheets must be approved in writing by the pastor or the employee's supervisor prior to issuance of pay. No one may approve his/her own time report. Overtime hours require the advance approval of the employee's supervisor. Payroll calculations for each employee should be documented in a payroll journal. There are several payroll methods being allowed in the Diocese including third-party providers (e.g. ADP and Paychex) and QuickBooks. Due to the complexity of administering a payroll system, it is recommended that payroll be processed through QuickBooks or a third-party payroll provider.

301.6e Payroll Deductions

All compensation paid to employees for services rendered is considered taxable wages (including bonuses and monetary gifts), and is subject to payroll withholding and employer payroll taxes. The following items must be withheld from all lay employee wages:

- Federal income taxes (FIT)
- State and local income taxes
- Social Security taxes (FICA)
- Medicare taxes

The following items may be withheld from lay employee wages where applicable:

- Health insurance premiums
- 403(b) retirement plan deductions (tax deferred annuity)
- Premiums for supplemental life and dependent life
- Court and government imposed levies

301.6f Payroll Tax Remittances

Federal taxes are remitted with a Federal tax coupon or filed electronically with a Federal depository bank. State and local taxes are remitted in a similar manner. Alternatively, institutions using a third-party payroll service will have taxes remitted on their behalf by the payroll service and will provide funds to the service to cover the taxes owed. The frequency of tax remittances is dependent on the type of tax and the amount withheld. Special care must be taken to comply with the various schedules in order to avoid possible penalties for late remittances. It is imperative that payroll taxes withheld from employee paychecks be forwarded to the appropriate government agency in a timely manner. It is illegal not to do so.

301.6g Payroll Tax Reporting

Federal Form 941 (Employer's Quarterly Federal Tax Return) must be completed and filed with the IRS on a quarterly basis by each wage paying institution. If required by the IRS to file annually, use Form 944. Form W-2 (Wage and Tax Statement) must be completed and mailed to employees by January 31.

301.6h Workers' Compensation Reports

The parish must submit an annual report detailing the number of employees and their total salary by job code description as required by the NYS Workers' Compensation Board. The report is filed with the Diocese Insurance Office and forwarded to the NYS Workers' Compensation Board and the appropriate insurance carrier.

301.6i Hiring New Employees

301.6i1 New Hire Reporting

The New York State New Hire Notification Act requires all employers to notify the NYS Department of Taxation and Finance in writing of all newly hired employees (including priests) within 20 calendar days from their hiring date. This notification procedure must be done whenever a priest moves to a new parish or assignment since priests are considered employees.

The required information can be reported by submitting a completed and legible copy of the employee's federal Form W-4, *Employee's Withholding Allowance Certificate*. Since employees complete the W-4 form, employers must review the form to ensure the information is complete and legible, **including boxes 8 and 10 regarding the employer's name, address and identification number**. Once the form is reviewed by the employer it can then be submitted to the following address:

New York State Tax Department of Taxation and Finance
New Hire Notification
PO Box 15119
Albany, NY 12212-5119

You may also fax the forms to (518) 869-3318.

or submit via the Internet at: www.nynewhire.com

The penalty for failure to timely report newly hired employees or for failure to file a report showing the required information is \$20, multiplied by the number of employees not reported or the number of false or incomplete reports filed. However, if the failure is a result of a conspiracy between the employer and employee, the penalty will be \$450, multiplied by the number of employees not reported or the number of false or incomplete reports filed.

New employees need to be reported on a timely basis to the Diocese using this New Hire form to ensure the accuracy of benefit eligibility.

301.6i2 Eligibility for employment

You must verify that each new employee is legally eligible to work in the United States. This will include completing the U.S. Citizenship and Immigration Services (USCIS) Form I-9, Employment Eligibility

Verification. You can get the form from USCIS offices or by calling 1-800-870-3676. Contact the USCIS at 1-800-375-5283, or visit the USCIS website at www.uscis.gov for further information. See Annual Filings (number 8) below for more information on Form I-9.

An individual must demonstrate edibility of employment before being hired.

301.6i3 Income tax withholding

Each new employee must complete the current year Form W-4. See Annual Filings (number 301.6I6) below for more information on Form W-4.

301.6i4 Name and social security number

Correctly record each new employee's name and number as they are shown on the employee's social security card. Any employee who is legally eligible to work in the United States and does not have a social security card can get one by completing Form SS-5, Application for a Social Security Card, and submitting the necessary documentation. You can get this form at SSA offices, by calling 1-800-772-1213, or from the SSA website at <https://www.ssa.gov/forms/ss-5.pdf>. The employee must complete and sign Form SS-5; it cannot be filed by the employer.

301.6i5 Employee background check

Diocesan policy requires that a background check be run on all new employees. At time of hire, an Authorization/Release Form should be completed by the new employee. Diocesan employers should submit the completed Authorization/Release Form to the designated regional location for processing. The employee must not begin work until the background check has been completed. Per diocesan policy, an employer must discuss with the diocese's Safe Environment Coordinator the hiring of anyone who has a record of a misdemeanor or felony involving the safety of minor before that individual is hired.

If an employee's background check shows a criminal record the parish must share the information if they still desire to hire the individual with the Diocesan Human Resources Office to review with Central Office for approval.

301.6j Reporting for Independent Contractors

Form 1099 must be filed if the parish pays \$600 or more (in a tax year) to a non-incorporated service provider (ex. contractor, engineer, lawn service, snow plowing, gravedigger, etc.). This means total payments to the individual regardless of the job he performs. For example: If an individual does the grave digging in the summer and makes \$400.00 and in December of that same year he is paid \$200.00 for snowplowing, then this individual was paid a total of \$600.00 and must receive a Form 1099 from the parish. Before any work is started the service provider (independent contractor) must complete Form W-9 and have it submitted to the

parish. For more information on Independent Contractors please see number 301.6b Employee or Independent Contractor.

301.6k Taxable Income to Diocesan Priests

A priest's annual compensation must be reported on a Form W-2. His compensation (and withholding tax, if do) should be included for reporting and paying of withholding taxes with other parish employees in accordance with tax depository requirements (see section 301.6b2.1 number 3). Payroll data should also be reported on the quarterly Form 941, or on the annual Form 944 submission. W-4 forms must be prepared by each priest at each location he works. See Appendix C, page 10 for more information on priests tax withholding and payments.

Stipends for Masses celebrated by priests of the Diocese form part of the monthly compensation. Mass stipends paid directly to a priest are taxable, but their inclusion in the priest's income for tax purposes is his responsibility. Stole fees received for weddings, baptisms and funerals belong to the parish.

Allowances such as travel and other business expenses can be taxable when documentation has not been provided to the parish.

For more information on reporting priest remuneration please see Appendix C.

301.6l Annual Filings

Payroll Taxes are based on a **calendar year** (Jan. 1 through Dec. 31), as opposed to the parish fiscal year (July 1 through June 30).

The Federal forms that must be filed on an annual basis are as follow:

301.6l1 Form W-2 - Employee Wage and Tax Statement

- **Date due:** This form must be issued to every employee no later than **January 31**.
- **Form W-2 details:** Report Taxable Wages, Federal, State, Social Security and Medicare tax withheld from employee paychecks and Deferred Compensation (TSA's) during the calendar year. The W-2 form totals should be verified by comparing them to the calendar year payroll register, or payroll summary report.
- **Box 13 Retirement plan:** Check this box only if the employee was on your parish retirement bill for any part of the year. Do not check this box on any of the priests Form W-2's.
- **When to file:** File the entire Copy A of Forms W-2 with the entire page of Form W-3 by **February 28, or February 29 if leap year.**
- **Before mailing Forms W-2 and W-3:** **Do not staple or tape** Form W-3 to the related Form W-2 or Forms W-2 to each other. Also, **do not fold** Forms W-2 and W-3. Send the forms to the SSA in a flat mailing. Also, file Forms W-2 either alphabetically by employee's last names or numerically by employee's SSNs.

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- **Undeliverable Forms W-2:** Keep for four years any employee copies of Forms W-2 that you tried to deliver but could not. **Do not send undeliverable employee Forms W-2 copies to SSA.**
 - **Corrections:** If you discover an error on Form W-2 after you issue it to your employee but before you send it to the SSA, check the “Void” box at the top of the incorrect Form W-2 on Copy A. Prepare a new Form W-2 with the correct information, and send Copy A to the SSA. Write “CORRECTED” on the **employee’s** new copies (B, C and 2), and furnish them to the employee. If the “Void” Form W-2 is on a page with a correct Form W-2, then send the entire page to the SSA. The “Void” form will not be processed. Do not write “CORRECTED” on Copy A of Form W-2.
 - **Prior Year Corrections:** If you are making an adjustment to correct social security and/or Medicare taxes for a prior year, you must file with the IRS Form 941c, Supporting Statement to Correct Information, with your Corrected Form 941, or Form 944 for the return period that you find the error, and issue the employee a Form W-2c for the prior year. The employer must file Forms W-2c and W-3c to SSA.
 - **Lost Form W-2:** If an employee loses a Form W-2, write “REISSUED STATEMENT” on the new copy and furnish it to the employee. Do not send Copy A of the reissued Form W-2 to the SSA.
 - **Where to file:** File the entire Copy A page of Forms W-2 with the entire page of Form W-3 at the following address:

**Social Security Administration
Data Operations Center
Wilkes-Barre, PA 18769-0001**

- **Diocesan Priest’s Form W-2:** Remuneration paid to priests must also be reported on Form W-2. A priest W-2 will have federal and state wages boxes 1 and 16 filled in, and may have their corresponding withholdings boxes filled in as well. Additionally, a priest’s W-2 must have the value of the housing allowance reported in Box 14, *Other*. That housing allowance valuation may not be less than \$3,600. Box 13 is **not** marked for retirement for the priest’s Form W-2. In addition, the priest must receive (on parish letterhead) the number of Masses they said and the total amount of Masses paid to them for the calendar year. This letter along with their form W-2 will be used for tax purposes. Remember Masses are subtracted from the priest’s reportable wages and they do not show up on Form W-2. For more information on diocesan priest see 301.6k Taxable Income to Diocesan Priest.
- **Retention:** Keep Copy D and a copy of Form W-3 with your payroll records permanently.

301.612 Form W-3 - Transmittal of Income Tax Statements

- **When to file to SSA:** This form must be completed and filed along with the copies of the W-2 forms by **February 28, or February 29 for leap year.**

- **To reduce the discrepancies between amounts reported on Forms W-2, W-3, and Form 941 or 944 and state form NYS-45:** Be sure that the amounts on Form W-3 are the total amounts from all Forms W-2. Reconcile Form W-3 with your four quarterly Forms 941 (or annual Form 944) and state Form NYS-45 by comparing amounts reported for:

1. Income tax withholding (box 2).
2. Federal wages, social security wages, Medicare wages, and State wages (boxes 1, 3, 5, and 16). (Form W-3 should include Form 941 or Form 944 adjustments only for the current year).
3. Social security and Medicare taxes (boxes 4 and 6). The amounts shown on the four quarterly Forms 941 (or annual Form 944), including current year adjustments, should be approximately twice the amounts shown on Form W-3. Amounts reported on Forms W-2, W-3, and 941 or 944 may not match for valid reasons. If they do not match, you should determine that the reasons are valid. Keep your reconciliation in case there are inquiries from the IRS or the SSA).

Be sure that the payer's name and employer identification number (EIN) on Forms W-2 and W-3 are the same as those used on Forms 941 or 944.

It is imperative that these forms are reconciled to reduce the risk of fines and penalties that can be imposed by government agencies.

- **Box b Kind of Payer:** Select either 941 or 944.
- **Box c Total number of Forms W-2:** Show the number of completed individual Forms W-2 that you are submitting with this Form W-3. Do not count "Void" Forms W-2.
- **Box e Employer identification number (EIN):** The number must be the same as shown on your Form 941 or 944 and must be in the following format: 00-0000000.
- **Box f Employer's name:** Enter the same name as shown on your Form 941 or 944.
- **Contact person, telephone number, fax number and email address:** Please enter this information on each Form W-3 you file with SSA in case any questions arise during processing.

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- **Who must sign Form W-3:** For corporations the president, vice president, or Secretary/Treasurer. This means for parish corporation only the pastor can sign, not the bookkeeper or the business manager.
 - **More information or Help:** Please see IRS “Instructions for Forms W-2 and W-3” by visiting the IRS website at: www.irs.gov or by calling 1-866-455-7438 the IRS centralized customer service site that answers questions about reporting Forms W-2, W-3, 1099 and other information returns.

301.613 Form 1099 MISC. - Miscellaneous Income Statement

- **Due date to payees:** This form must be completed and sent to qualifying payees no later than **January 31**.
- **Who receives Form 1099 MISC:** This form is filed for anyone that is not your employee that you pay \$600.00 or more for services provided in a calendar year. Parishes are required to have Forms W-9 on file for service providers, independent contractors, and sole proprietors from whom you purchased services (including materials required for providing the service). Filing Form 1099 is not required if the service provider is a corporation as evidenced by a Form W-9.
- **Box 7 “Nonemployee compensation”:** Use this box for the total of all payments paid to each individual payee. Do not use box 3 “Other” to report payments to your payees.
- **When to file to IRS Center:** The 1099 forms must be filed with the Internal Revenue Service no later than **February 28**.

301.614 Form 1096 - Annual Summary and Transmittal of US Information Return

- **When to file to IRS:** This form must be completed and filed along with the IRS copies of the 1099 forms by **February 28**.
- **Reconcile amounts:** The totals on the transmittal form (box 5) for payments must agree with the sum total of all 1099 forms, or total of all W-2G forms.
- **Who must sign Form 1096:** For corporations the president, vice president, or Secretary/Treasurer. This means for parish corporation only the pastor can sign, not the bookkeeper or the business manager.
- **Contact person, telephone number, fax number and email address:** Please enter this information on each Form 1096 you file with IRS in case any questions arise during processing.
- **Box 1 Employer identification number (EIN):** The number must be the same as shown on your Form 941 or 944 and must be in the following format: 00-0000000.
- **Box 4 Total number of forms:** Show the number of completed individual Forms 1099 MISC or W-2G that you are submitting with this Form 1096. Do not count “Void” forms. Mark one type of form (either 1099 MISC or W-2G) that is being submitted with each Form 1096. Use only one Form 1096 for each type of form (either 1099 MISC or W-2G) being submitted to the IRS.

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- **Box 5 Total amount reported:** Be sure that the amounts on Form 1096 are the total amounts from all forms either 1099 MISC or W-2G.

301.615 Form 944 – Employer’s Annual Tax Return

- **When to file to IRS:** This form must be completed and filed **January 31**. You must file Form 944 for each year even if you have no taxes to report.
- **Who must file Form 944:** You must file Form 944 instead of filing quarterly Forms 941 **only if the IRS notified you in writing**. Form 944 is designed for employers whose annual liability for social security, Medicare, and withheld federal income taxes is \$1,000 or less.
- **Line 1:** Report wages, subject to Federal Income Tax, paid to priests and lay employees on Form 944, line 1. Wages subject to income tax **do not** include amounts contributed to 403(b) TSA plans, Section 125 pre-tax health benefit plans, or reimbursements for employee out-of-pocket business expenses.
- **Priest accountable plan for expenses:** Substantiated, documented, and allowable priest business expenses that are reimbursed through the Clergy Business Expense Allowance contained in the Clergy Compensation Scale are not taxable wages and are not reported on Form 944 (line 1) or the priest’s Form W-2.
- **Priest non-accountable plan for expenses:** Priest expenses that are not substantiated, not documented, and/or not allowable under the tax code may not be applied against the clergy business expense allowance. Surplus clergy business expense money (expense money advanced which exceeds the amount spent and substantiated) is fully taxable and must be reported as wages on Form 944 (line 1) as well as the priest Form W-2.
- **Do not include any priest wages on Form 944 line 4(a) or 4(c):** Priests are considered to be self-employed for Social Security Administration and Taxation purposes. An employer may not withhold social security or Medicare taxes from priest wages. An employer shall **not** pay the employer-matching amount of social security or Medicare taxes on behalf of a priest.
- **Reporting 403(b) contributions:** Include Section 403(b) TSA contributions in the wages reported for lay employees on lines 4(a) and 4(c) of Federal Form 944. Do **not** include Section 125 Plan contributions in the lay employee wages reported on Federal 944 lines 4(a) and 4(c).
- **Reconciling Form 944 and Form W-3:** The amount on form 944 for income tax withholding, social security, and Medicare wages should reconcile to Form W-3 at year end. The amounts for social security taxes and Medicare taxes shown on the annual Form 944, including current year adjustments, should be approximately twice the amounts shown on Form W-3.
- **Correcting Form 944:** If you discover an error on a previously filed Form 941 or Form 944, make the correction using Form 944 for the year in which you discovered the error and attach Form 941c, Supporting Statement to Correct Information.

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- **Who must sign Form 944:** For corporations the president, vice president, or secretary/treasurer. This means for parish corporations only the pastor can sign, not the bookkeeper or business manager.

In addition to the above forms the employer must have the following forms completed by the employees and retained (permanently) in the personnel files.

301.616 Form W-4 -Employee Withholding Allowance Certificate

- **Form W-4 details:** This form determines the amount of Federal withholding that is deducted from each paycheck. The amount of income tax withholding for lay employees must be based on filing status (box 3), withholding allowances (box 5), and the tax tables; not on a fixed dollar amount or arbitrary percentage. Only clergy will use a fixed dollar amount (in box 6) for tax withholding and must never use the filing status and tax tables. The lay employee may elect to have an **additional fixed dollar amount** withheld by indicating that amount in Box 6 of Form W-4.
- **Box 8 Employer's name and address:** The employer must fill-in box 8 before given the Form W-4 to its employees.
- **Box 10 Employer identification number (EIN):** The employer must fill-in box 10 before given the Form W-4 to its employees.
- **Form W-4 Retention:** The completed form must be kept on file and remains in effect until the employee gives you a new W-4. The form being replaced will continue to be maintained in the employee's payroll folder.
- **Exempt employees:** If an employee has claimed an exemption from withholding in the prior year they **must** complete a new W-4 form by **February 16**.
- **Diocesan priests and Form W-4:** Priests may opt to have taxes withheld. They may use the W-4 (box 6) to withhold for each pay cycle, or they may continue to file quarterly estimated tax returns. **All priests must complete a Form W-4 regardless of which option they choose.**

301.617 NYS Form IT-2104 -Employee Withholding Allowance Certificate

This form determines the amount of New York State withholding, if any, that is deducted from each pay check.

- **Form IT-2104 Retention:** The completed form should be kept on file and remains in effect until the employee gives you a new IT-2104. The form being replaced will continue to be maintained in the employee's payroll folder.
- **Form W-4 or Form IT-2104:** If a form IT-2104 is not filed, you may use the same number of allowances as claimed on the W-4 form for state filing purposes. However, if the filing status or the number of allowances is different than the Form W-4, an IT-2104 **must** be filled out by the employee.
- **Employer's name and address box:** The employer must fill-in this box before given the Form IT-2104 to its employees.

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- **Employer identification number (EIN) box:** The employer must fill-in this box before given the Form IT-2104 to its employees.

301.618 Form I-9 - Employee Eligibility Verification

- **Purpose of Form I-9:** All U.S. employers are responsible for determining that each new employee hired is authorized to work in the United States. This is applicable to citizens and noncitizens. The Department of Homeland Security mandates the use of Form I-9, Employment Eligibility Verification, for making this determination. In Form I-9, the employer records document information presented by the employee that verifies the individual's identity and employment eligibility. Acceptable documentation is noted in Form I-9 instructions.
- **Who must file:** All newly hired employees must complete Section 1 of the I-9 form.
- **Where to file:** Do not file Form I-9 with U.S. Citizenship and Immigration Services (USCIS). Form I-9 must be kept by the employer and the form must be available for inspection by authorized U.S. Government officials (e.g., U.S. Immigrations and Customs Enforcement; Department of Labor).
- **Form I-9 Retention:** The completed form should be kept in the employee's payroll folder along with copies of the supporting documents, for example: social security card and driver's license.
- **Employee's Responsibility Regarding Form I-9:** A new employee must complete Section 1 of a Form I-9 no later than the close of business on his/her first day of work. The employee's signature holds him/her responsible for the accuracy of the information provided. The employer is responsible for ensuring that the employee completes Section 1 in full.
- **Employer's Responsibility Regarding Form I-9:** The employer is responsible for ensuring completion of the entire form no later than the close of business on the employee's third day of employment services, and must complete Section 2 of Form I-9. The employer must review **original** documentation presented by the employee (not the photocopies of the documentation) and record document information on the form. Proper documentation establishes both that the employee is authorized to work in the U.S. and that the employee who presents the employment authorization document is the person to whom it was issued. The employer should supply to the employee the official list of acceptable documents for establishing identity and work eligibility. The employer may accept any List A document, establishing both identity and work eligibility, or combination of a List B document (establishing identity) and List C document (establishing work eligibility), that the employee choose from the list to present. The employer must examine the document(s) and accept them if they reasonably appear to be genuine and to relate to the employee who presents them. An employer should not continue to employ an employee who cannot present documentation that meets the requirements. Employers are not required to be document experts.

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- **Who must sign Form I-9:** The individual signing the form on behalf of the parish or other Diocesan entity must verify the original documents as described on the I-9 form.

301.6m Quarterly Filings

The following forms must be completed on a quarterly basis:

301.6m1 Form 941 -Employer's Quarterly Federal Tax Return

- **Who Must File Form 941:** All employers who pay wages subject to income tax withholding (including withholding on sick pay and supplemental unemployment benefits) and/or Social Security and Medicare taxes must complete form 941. After you file your first Form 941, you must file a return for each quarter even if you have no taxes to report unless you filed a **file return**, or you're a **seasonal employer** that does not have to file a Form 941 for quarters in which they have no tax liability because they have paid no wages. To tell the IRS that you will not file a return for one or more quarters during the year, check the box 17 **every quarter** you file a form.
- **If Two Businesses Merge:** When two businesses merge, the continuing firm must file a return for the quarter in which the change took place and the other firm should file a **final return**.
- **Line 2:** Report wages, subject to Federal Income Tax, paid to priests and lay employees on Form 941, line 2. Wages subject to income tax **do not** include amounts contributed to 403(b) TSA plans, Section 125 pre-tax health benefit plans, or reimbursements for employee out-of-pocket business expenses.
- **Priest Accountable Plan for Expenses:** Substantiated, documented, and allowable priest business expenses that are reimbursed through the Clergy Business Expense Allowance contained in the Clergy Compensation Scale are not taxable wages and are not reported on Form 941 (line 2) as well as the priest Form W-2.
- **Priest Non-Accountable Plan for Expenses:** Priest expenses that are not substantiated, not documented, and/or not allowable under the tax code may not be applied against the clergy business expense allowance.
- **Do not include any priest's wages on Form 941 line 5(a) or 5(c).** Priests are considered to be self-employed for Social Security Administration and Taxation purposes. An employer may not withhold social security or Medicare taxes from a priest's wages. An employer may **not** pay the employer-matching amount of social security or Medicare taxes on behalf of a priest.
- **Reporting 403(b) contributions:** Include Section 403(b) TSA contributions in the wages reported for lay employees on lines 5(a) and 5(c) of Federal Form 941.
- **Reporting Section 125 contributions:** Do **not** include Section 125 contributions in the lay employee wages reported on Federal 941 lines 5(a) and 5(c).

- **Reconciling Forms 941 and Form W-3:** The amount on all four quarterly reports for income tax withholding, social security, and Medicare wages should reconcile to Form W-3 and W-2's at year end. The amounts for social security taxes and Medicare taxes shown on the four quarterly Forms 941 (or annual Form 944), including current year adjustments, should be approximately twice the amounts shown on Form W-3.
- **Correcting Form 941:** If you discover an error on a previously filed Form 941, make the correction using Form 941 for the quarter in which you discovered the error and attach Form 941c, Supporting Statement to Correct Information.
- **Who must sign Form 941:** For corporations the president, vice president or secretary/treasurer. This means for parish corporations only the pastor can sign, not the bookkeeper or business manager.
- **When to File Form 941:** Form 941 is due the last day of the month following the end of the quarter as follows:

Calendar Quarter	Due Date
January 1 to March 31	April 30
April 1 to June 30	July 31
July 1 to September 30	October 31
October 1 to December 31	January 31

301.6m2 Form NYS-45 Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return

- **Form NYS-45 summary:** This form is used to reconcile the withholding for NYS for the quarter and to report priests and lay employee wages, and tax information.
- **Form NYS-45-ATT:** If you have more than 5 employees you must file **Form NYS-45-ATT** attachment to report individual employee information.
- **Form NYS-45 details:** Employee gross wages (including all priests) are reported in Part A, line 1 and Part C, column C of form NYS-45 (Part A, lines 2 –11 are left blank). Additionally, in the fourth quarter (or if filing your final return) columns D and E in Part C must be filled in. Column D contains the state income taxable wages paid to each employee (including priests) for the tax year. Column E contains the amount of state income tax withheld from each employee for the tax year (including priests if applicable). Note: for submitting the fourth quarter return columns A, B, D and E you must list all employees you paid during the calendar year regardless if they were paid in the fourth quarter or not.
- **Direct Payees of Unemployment Insurance:** If parishes/cemeteries pay their unemployment insurance premiums directly to the state Form NYS-45 should be completed quarterly as follows:

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- Only report lay employees' gross wages in Part A, line 1 and Part C, column C.
 - In the 4th calendar quarter include all employees' (and including priests) wages and withholdings for the tax year in columns A, B, D and E in Part C. Priest's wages should not be listed in column C.
 - **Part B:** Report NYS income tax withheld from priest and lay employee wages in Part B of form NYS-45.
 - **Reconciling Form NYS-45 and Form W-3:** The amount on all four quarterly reports for NYS income tax withholding should agree with the sum total of amounts withheld for NYS on the W-2 forms and reported on transmittal form W-3.
 - **When to file to NYS:** The due dates for filing the quarterly returns are the same as Form 941.

301.6m3 Unemployment Insurance Billing

- The Diocese offers a self-insurance program for Unemployment Insurance.
- **Billing details:** At the end of each quarter, participating parishes/institutions must complete the Quarterly Unemployment Report and submit to the diocese with payment. The forms and instructions are available on the Pastoral Document Website. The diocese establishes rates on a calendar year basis.
- Priests' salary and Religious stipends information should not be included in the quarterly unemployment reports.
- **When and where to mail:** The completed forms and checks are due to the diocesan lockbox by the 15th day following the end of each calendar quarter. Please make check(s) payable to the RC Diocese of Ogdensburg – Unemployment Insurance, Post Office Box 106, Canajoharie, NY 13317.
- Unemployment Insurance premiums are based on the gross wages of all lay employees. Gross Unemployment Insurance wages include all 403(b) TSA and Section 125 pre-tax health benefit contributions.

301.6m4 Form 940 -Federal Unemployment Insurance

- **Exempt status:** The Diocese and all parishes are **exempt** from filing Form 940. Also, please see number 301.6r 501(c)(3) Exemption Status.
- **This form should not be submitted.** If you receive this form, contact the Diocesan Fiscal Office.

301.6m5 Pension Billing (Lay Employees' Retirement Plan)

- **Billing dates:** Premiums are billed twice a year (for the billing periods July to December and January to June) from the Diocese of Ogdensburg.
- **When and where to mail:** Checks for pension premiums are to be sent to the diocesan lockbox. Please make check(s) payable to the RC Diocese of Ogdensburg – Lay Employees' Retirement, Post Office Box 106, Canajoharie, NY 13317.

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- **Form details:** Wage information is reported to the Human Resources Office on the Lay Employees' Retirement Plan annual census form. These forms are provided to employers in January each year.

301.6n Monthly and Periodic Filings

301.6n1 Disability Insurance Billing

- The Diocese of Ogdensburg maintains a self-funded disability insurance plan through a third party administrator, ComTon Inc.
- Parishes/institutions within the diocese will submit quarterly disability reports along with payment to: RC Diocese of Ogdensburg - Disability, Post Office Box 106, Canajoharie, NY 13317. Disability reports and payment are due by the 15th of the month following the end of the quarter.

301.6n2 Federal Taxes

You must deposit income tax withheld and both the employer and employee social security and Medicare taxes either monthly or semi-weekly. **Since priests are self-employed for Social Security and Medicare tax purposes, their remuneration will not be included when calculating the parish's portion of Social Security and Medicare Tax (FICA). Therefore, the priest's remuneration will only be included on line 2 of Form 941 (line 1 or Form 944) and not on lines 5(a) and 5(c).**

There are two deposit schedules (**monthly** or **semi-weekly**) for determining when you deposit social security, Medicare, and withheld income taxes. Prior to the beginning of each calendar year, you must determine which of the two deposit schedules you are required to use. If: your parish accumulates less than \$2,500 tax liability during the quarter (line 10 of Form 941), your full payment of the liability can accompany the filing of the return.

Monthly Tax Depositors

- You are a monthly schedule depositor for a calendar year if the total taxes on Form 941(line 8) for the previous four-quarter **lookback period** (July 1 of the second preceding calendar through June 30 of the last year) were \$50,000.00 or less. Tax deposits are due by the 15th of the following month. If you are a Form 944 filer, your deposit schedule for a calendar year is determined from the total taxes reported on line 8 of your Form 944 for all four quarters of the second preceding calendar year.
- If you are not using the EFTPS (Electronic Federal Tax Payment System) for your tax deposits and your tax liability is less than \$50,000.00 you may use **Form 8109 Federal Tax Coupon** to remit Federal and FICA payments.

required of the employer when payments are made directly to the employee by R.F. Toole Associates:

- R.F. Toole Associates shall remit to the employers amounts withheld from employee disability payments for Federal Income tax and FICA. The employer is responsible for paying the employer share of FICA withholdings in their next scheduled Federal tax deposit.
- These disability payments and all related income tax withholdings and payroll taxes must be included in the quarterly Form 941 and on the year-end Form W-2.

301.6p 403(b) Tax Sheltered Annuities (TSA's)

A tax-sheltered annuity exempts a portion of gross wages from Federal and New York State income tax liability, deferring the liability for applicable taxes until a future date when the funds are withdrawn.

- For FICA calculations, the employer must include as taxable wages the entire amount of these tax-sheltered contributions. TSA contributions do **not** escape FICA tax.
- For participants in a 403(b) TSA or any employer paid pension plan, the "Pension Plan" box on Form W-2 must be checked.
- IRS Publication 571 outlines in detail the requirements relating to 403(b) TSA's.

301.6q Section 125 Plan

Section 125 plans are tax benefit plans. Section 125 Plans are exempt from Federal and State Income Tax, as well as FICA (social security) tax and Medicare taxes.

301.6r 501(c)(3) Exemption Status

Every parish is separately incorporated under section 501(c)(3) of the Internal Revenue Service Tax Code. In the past, a lengthy filing process was required to obtain this filing status. Currently, this status is automatically granted to parishes of the Roman Catholic Church nationwide. Please note that if this status is revoked (due to lack of compliance with code provisions), the application process to re-establish exempt status can be both lengthy and costly.

Occasionally, a parish or related school is asked to provide proof of their 501(c)(3) exempt status. The following letter of proof may be obtained from the Diocesan Fiscal Office:

Date:

To Whom It May Concern:

Please be advised that _____ Church, located at _____ is an organization within the Roman Catholic Diocese of Ogdensburg. This Church (or School) is listed on page ____ of the Kenedy Directory. The Kenedy Directory is

generally accepted as the official listing of all 501(c)(3) organizations of the Roman Catholic Church in the United States.

Sincerely,
Diocesan Official

A copy of the IRS Group Ruling letter can be obtained by contacting the Diocesan Fiscal Office at (315) 393-2920, or by accessing the Pastoral Documentation section of the Diocesan website (www.rcdony.org/).

302 Parish Financial Reviews

302.1 Purpose

The purpose of a parish fiscal operations and financial review is to help the pastor fulfill his canonical and legal responsibilities and to ensure that all recordkeeping, accounting and reporting comply with the policies of the Diocese. The review is designed to help the pastor and his staff manage the parish effectively and to provide an evaluation of the parish's operational and financial management to the Diocese.

302.2 Objectives

A parish review has four objectives:

1. To determine if parish assets are properly safeguarded;
2. To determine whether parish accounting procedures accurately record, summarize and report financial activities to the parish and the Diocese;
3. To determine whether parish accounting complies with civil laws and Diocesan regulations; and
4. To determine if parish internal controls are adequate to accomplish the first three objectives.

302.3 Frequency of Review

Parishes are selected for review randomly based on an annual audit plan that is part of the continuing program to upgrade practices and procedures at the parish level throughout the Diocese. Parishes are also subject to review where the financial information reported to the Diocese suggests that deficiencies may exist in parish accounting practices or internal controls. A review will also be made when there is a change of pastor. A pastor may request an review if he thinks it is necessary (i.e., change in bookkeeper).

302.4 Scope of the Review

During the review, the auditor will examine the internal control policies and procedures in place and their effectiveness in safeguarding parish assets. The auditor will also examine the parish accounting system and determine whether financial transactions of the parish are being properly recorded and reported. The auditor will also test compliance with selected Diocesan policies and civil regulations.

Specifically, the review will include the following:

1. an assessment of the internal control environment;
2. an assessment of the accuracy of the accounting records and Annual Report;
3. an evaluation of the control procedures in place and recommendations to improve the system of internal control;
4. an evaluation of the general efficiency of the parish accounting system and recommendations for improvement;
5. compliance with legal requirements, such as payroll reporting;
6. compliance with Diocesan policy and Canon Law, such as employee benefits and the Parish Finance Council; and

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7. other areas as identified by the Episcopal Vicar of Administration or Diocesan Fiscal Officer.

302.5 Review Process

The review process will normally include the following steps:

1. The Diocesan Coordinator of Parish Audits and Fiscal Support Services will notify the parish that a review will be taking place. This notification contact will usually occur within three weeks prior to the scheduled date;
2. The auditor will call the parish to confirm the date of the review and list the documents that the parish should have ready. Once at the parish, the auditor may determine that additional documents should be examined. The parish is expected to cooperate in providing additional documentation;
3. The auditor will make every effort to minimize any inconvenience the review may cause the parish. In turn, the parish should be ready to provide the records and other information requested. At some time during the review, the pastor and those who perform the accounting work should be available to answer questions;
4. At the end of the field work section of the review, the auditor will meet with the pastor to discuss findings and proposed recommendations. The pastor is encouraged to discuss any concerns he may have or offer further insight into the findings and recommendations;
5. The auditor will make every effort to identify all recommendations prior to leaving the parish. Additional recommendations may be made after the field work is reviewed and the report is written; and
6. Within 60 days of completing the field work, the Diocesan Fiscal Officer will issue the review report.

302.6 Review Follow-Up

The follow-up process will normally include the following steps:

1. At his earliest convenience, the pastor should send a written reply to the Diocesan Fiscal Officer indicating what action has been taken to comply with any recommendations made, who will be responsible for implementation and the timetable for completion;
2. The Episcopal Vicar of Administration and/or the Diocesan Fiscal Officer of the Diocese may, at his discretion, direct the auditor to schedule one or more follow-up visits at the parish. The follow-up may re-examine any aspect of the original review or may examine a new area. Follow-up visits will normally occur six months to one year after the final report is issued; and
3. Pastors may request assistance from the auditor or the Diocesan Fiscal Office in implementing the recommendations.

303 Diocesan Investment Programs

303.1 Deposit & Loan Fund (DLF)

303.1a Deposit & Loan Fund (DLF) – Overview

The Diocese of Ogdensburg established the Deposit & Loan Fund (previously Diocesan Loan Account) to help parishes and church institutions within the Diocese of Ogdensburg meet their investment and borrowing needs. The DLF was established for the following purposes:

1. to serve as a source of funding parish operational needs; and
2. to provide a secure repository for surplus funds of parishes and church institutions in the diocese, for which a competitive rate of interest will be paid.

The Deposit & Loan Fund's Terms & Conditions (Appendix I) is the governing document for the DLF.

303.1b Deposit & Loan Fund - Guidelines for Depositors

Diocesan parishes and Catholic organizations including schools, religious institutions and agencies may be depositors to the DLF. The DLF adheres to the following guidelines:

1. parishes and schools are to deposit surplus funds in the DLF, organizations with surplus funds are encouraged to become depositors;
2. deposits in the DLF are and will remain the property of the juridical person (i.e., the depositor);
3. deposits to the DLF are guaranteed as to both principal and interest by the diocese;
4. deposits to the DLF will earn a competitive rate;
5. interest will be paid or reinvested on a quarterly basis; and
6. withdrawal of funds on deposit will be on demand.

303.1c Deposit & Loan Fund - Procedures for Depositors

Deposits to the DLF may be made by check or electronic fund transfer, accompanied by the completed DLF deposit and withdrawal form to the Diocesan Fiscal Officer. Checks should be made payable to: The Diocese of Ogdensburg Deposit & Loan Fund. Do not send cash. Checks should be mailed to:

Diocese of Ogdensburg
PO Box 106
Canajoharie, NY 13317

A statement of the account shall be prepared and issued to the depositor at the time of deposit.

New deposit accounts may be opened by written request. Please include account name and amount of deposit.

Withdrawals from the DLF may be made by submission of a completed DLF deposit and withdrawal form submitted to the Diocesan Fiscal Office. The written request must be signed by the pastor. Please allow two days for normal check processing. Wire transfers are encouraged.

303.1d Deposit & Loan Fund - Guidelines for Borrowers

The Deposit & Loan Fund may make loans to qualified borrowers in the forms of parish operational needs or to support capital improvement projects including new construction.

303.1e Deposit & Loan Fund – Loan Procedures

To be considered for a loan, the borrower must complete a loan application and submit it to the Fund Advisory Committee, attention Diocesan Fiscal Officer. This committee shall review the application and make a recommendation to the Bishop or his designee for approval or denial. The decision shall then be communicated to the loan applicant.

If a loan is approved:

Funds shall be made available to the loan applicant upon the execution of a Subvention Agreement by the borrower and the Bishop or his designee.

The payback period on a loan shall be ten years, except when a loan is funding the purchase of a motor vehicle for which the loan term shall be five years.

The interest rate on loans shall be determined by the Bishop, in consultation with the Fund Advisory Committee, and is subject to change during the life of the loan. Simple interest will be calculated on the loan principal in determining the amount for each quarter.

Quarterly principal and interest payments shall be made to the DLF by the borrower no later than the end of the month subsequent to the end of each calendar quarter. Advance payment of the loan principal is permitted and encouraged.

303.2 Diocesan Trust Fund (DTF)

303.2a Diocesan Trust Fund (DTF) – Overview

The Diocese of Ogdensburg established the Diocesan Trust Fund (DTF) to help parishes and other qualified diocesan institutions meet their long term investment needs for endowments, trusts and other restricted funds. Parishes are also allowed to establish quasi-endowment funds in the DTF from the sale of property, insurance settlements and bequests, as long as they maintain a similar amount in the Deposit & Loan Fund.

The DTF operates like a mutual fund. Quarterly dividends, currently targeted at 5% of the market value of each account's market value, are distributed to investors.

303.2b Diocesan Trust Fund – Guidelines for Deposits

Diocesan parishes and Catholic organizations including schools, religious institutions and agencies may invest moneys in the DTF, subject to the following guidelines:

1. deposits in the DTF are and will remain the property of the juridical person (i.e., the depositor);
2. depositor's moneys will be comingled for investment purposes, and will be managed by professional investment managers selected by the Diocese of Ogdensburg's Investment Advisory Committee;
3. investments are subject to risk – there is no guarantee of principal by the diocese.

303.2c Diocesan Trust Fund – Procedures for Depositors

Deposits to the DTF may be made by check or electronic funds transfer, accompanied by a written request to the Diocesan Fiscal Officer. All written requests must indicate account name, account number and amount. Checks should be made payable to: The Diocese of Ogdensburg Diocesan Trust Fund. Do not send cash. Checks should be mailed to:

Diocese of Ogdensburg
PO Box 106
Canajoharie, NY 13317

New accounts may be opened by written request. Please include account name and the amount of deposit. A Custody Agreement shall be executed between the investor and the Diocese of Ogdensburg to establish an account. Specific and detail statements regarding the purpose of which the account is being established must be submitted to the diocese by the depositor.

303.3 The Foundation of the Roman Catholic Diocese of Ogdensburg

303.3a The Foundation of the Roman Catholic Diocese of Ogdensburg, New York, Inc. – Overview

On March 15, 2007, The Foundation of the Roman Catholic Diocese of New York became incorporated in New York State. The Foundation is a non-profit corporation intended to be a permanent source of funding that supports the religious, educational and charitable activities and ministries of the Diocese of Ogdensburg.

The Foundation is a public charity that is an independent entity, legally separate from the Diocese of Ogdensburg.

The Foundation will provide endowments for the Diocese of Ogdensburg and its parishes, agencies and organizations. Income generated will be used in accordance with the wishes of the donor. Once an endowment is established, anyone may contribute to the fund.

The Foundation contracts with the Diocese of Ogdensburg for support services. Further information about the Foundation may be obtained by contacting the Foundation's Executive Director.

304 Standardized Chart of Accounts

304.1 Purpose

The standardized Chart of Accounts is used to provide a common platform for recording, summarizing and reporting financial transactions. Its use is mandatory throughout the Diocese of Ogdensburg. Account numbers are 3 digits in length followed by a decimal extension, designated as follows:

- Digits 1-3 designate account type and may not be changed, altered, modified or deleted by the user. These designated accounts are the same accounts that appear on the Parish Financial Report and the School Financial Report.
- Digits 4-6 designate sub-accounts are user optional and are assigned by the user. These sub-accounts must begin with a decimal point to separate them from the designated accounts above (e.g., 318.2, Payroll Benefits).

A copy of the Chart of Accounts and the Parish Chart of Accounts Description is included in **Appendix E** of this manual. Please refer all questions regarding the Chart of Accounts to the Diocesan Coordinator of Parish Audits and Fiscal Support Services.

305 QuickBooks Pro Accounting System

305.1 Definition and Purpose

The QuickBooks Pro accounting software is the accounting package to be used by parishes, schools and cemeteries (its use is mandated in all parishes by July 1, 2011). The system provides for the ready consolidation of parish, school and cemetery financial reports and budgets. Its use aids pastors as they transfer between parishes with common accounting systems and charts of accounts. It facilitates accounting support, enabling bookkeepers and accountants to quickly render support to parishes in need of accounting services.

The Diocesan Coordinator of Parish Audits and Fiscal Support Services assists users in the installation and support of the QuickBooks Pro system. Questions regarding QuickBooks may be directed to the Diocesan Coordinator of Parish Audits and Fiscal Support Services at 315-393-2920, extension 1214.

306 Budgeting

306.1 Purpose

The annual budget process coordinates the many activities of parishes and schools in order to help achieve their goals and objectives. The annual budget process formalizes planning and is used to monitor actual results compared to budgeted amounts. Budget variances highlight where corrective action may need to be taken. Such action may include seeking additional contributions, cutting costs or other steps. Parish budgets are reviewed by the Moderator of the Curia, and school budgets by the Education Department. They provide an early indicator of parishes and schools which may be experiencing, or on the verge of experiencing, financial difficulties. The Moderator of the Curia and/or Chancellor uses the budgets and financial reports as part of the financial review process for requests for capital expenditure authorizations from parishes and schools.

306.2 Roles and Responsibilities

All parishes and schools must prepare and submit a budget to the Diocese of Ogdensburg annually, within the published timeframe. Parish and school budgets can now be submitted electronically by logging onto the Pastoral Documentation site: pastoral.rcdony.org. Both the Budget forms and the Budget Instructions for filing electronically are available for the parishes and schools' convenience. A forecast of income and expenditures should be made striving for as accurate a forecast as possible. This allows for comparisons to be made with historic numbers that are meaningful and useful. Parish budgets must be reviewed by the pastor and the Parish Finance Council prior to submission to the Moderator of the Curia. In addition, the Budget form is to be signed by the pastor, indicating his approval of the submission, and by the trustees. When the Parish Budget form is filed electronically the diocese requires that it be reviewed and accepted by the parish trustees before it is filed. In this case, the original budget form kept at the parish will have the pastor's signature along with the trustees signatures on the budget form. Parish School budgets must be reviewed by the pastor and the principal prior to submission. In the case of Regional or Central Schools the school budget must be reviewed by the president of the education council and the principal prior to submission. Both parties must sign the Budget form indicating approval of the submission. All budgets for schools must be approved by the Diocese's Department of Education.

306.3 Timetable

The timetable for submission of completed budget forms is published by the Moderator of the Curia and the Department of Education.

307 Left Blank For Future Use

307.1

308 Capital Projects, Construction Policies and Procedures

308.1 Capital Projects - Policy

In all circumstances before any contractor begins work on church property, the Pastor must submit the following to the Chancellor:

1. Certificate of Liability insurance that names both the parish (legal name) and the diocese as **Additionally Insured**; and
2. Motor vehicle insurance and Workers' Compensation.

Copies of these certificates and contracts must be submitted to the Chancellor before any work may begin.

3. Form W-9, Request for Taxpayer ID Number, must be on file for service providers (independent contractors) who are not employees of the parish regardless of amount paid.

A capital project is defined as the construction, renovation, demolition or repair of a physical asset.

Projects costing less than \$10,000 require no further permission from the Chancellor unless:

1. assistance is desired;
2. diocesan financial assistance is being sought;
3. the project is of an environmental nature; and/or
4. the project modifies a place of worship.

Request for renovations, building or repairs requiring expenditures above \$10,000 must be directed to the Chancellor.

Request for such expenditures should be in writing and should include the following:

1. Complete description of renovations repair, building project, or furnishings to be purchased; and
2. Results of consultation with Trustees, Parish Finance and Pastoral Councils on proposed expenditures; and
3. Estimation on how expenditure, project will be financed.

N.B. For building and renovations **other than** routine or emergency projects, the diocese requires that ½ of the money be on hand or 2/3 on hand in cash and pledges receivable. In either case, there must be a viable plan for financing the remaining costs.

4. Estimates from at least two firms on cost of project.

309 Real Estate

309.1 Overview

Real property constitutes a substantial portion of the assets of the diocese, its parish corporations and other diocesan-related institutions. Careful administration of these assets is vitally important and must be guided by both the requirements of Canon Law and the parameters established by the Bishop. Those who are responsible for managing real property assets should operate under the presumption that maintaining the value of these assets is of the highest priority.

In the event that a building (or a portion thereof) is no longer needed for parish purposes, a plan should be developed to deal with this change of circumstance. The plan may include efforts to identify suitable uses for the property. Set forth below are specific policies and procedures which must be followed in connection with the sale, purchase or lease of real property.

309.2 Sale of Real Property Policy

All dispositions require a recent appraisal of the subject property which supports the ultimate contract price. The contract of sale should include a deed restriction which prohibits use of the subject property for purposes which are contrary to Catholic Church doctrine.

All dispositions of real property, including grants of easement, require the permission of the bishop. Sales with values in excess of \$1 million also require the consent of both the Diocesan Finance Council and the College of Consultors. Alienations with values in excess of \$10 million also require the permission of the Holy See.

Additional approvals are required under New York State civil law for alienations by parish corporations. In these instances, a Supreme Court Justice needs to be petitioned seeking ex-parte approval of the subject transaction.

If a parish or other owner completes a transaction with gross proceeds in excess of \$1 million, the following policy will govern the disposition of proceeds from the sale of real property:

- All debts owed to the diocese and third parties will be repaid.
- All necessary repairs and improvements to remaining parish buildings will be made.

309.3 Sale of Real Property - Procedures

The Chancellor must be consulted when the alienation of real property is proposed. The pastor must submit a written request to sell the property. The request should include the following items:

1. specific identification of the property to be sold;
2. the rationale supporting the sale;
3. an assessment of the sale in view of current and future needs of the parish;

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4. an assessment of the impact of the sale on the parishioners and the local community; and
 5. a statement detailing the financial condition of the parish and the proposed use of the proceeds from the sale.

It is important to submit this information to the Chancellor as soon as a proposal to sell has been formulated for consideration. No significant action (such as obtaining an appraisal or publicizing the matter) should be taken in anticipation of a response.

The recommendations of the Parish Trustees, Parish Pastoral Council and Parish Finance Council must also be submitted to the Chancellor. Upon receipt of the documented request, the Chancellor's Office will seek input from the appropriate offices within the diocese.

After review of the assembled information, the Bishop will make a determination on the proposal and have it communicated to the relevant parties. All aspects of the subject transaction will be coordinated by the seller, including negotiation of final terms, preparation and securing of all necessary legal and supporting documents (including appraisals). Continued communication with the Chancellor is to be maintained throughout the process. For transactions which require approval from the Diocesan Finance Council and the College of Consultors, the Bishop will seek such authorization after the material terms have been negotiated and prior to execution of contracts. When executing contracts or legal documents related to the sale, the Bishop shall be the final signatory.

309.4 Acquisition of Property - Policy

While an infrequent occurrence, acquisition of property is indicated where it is necessary to service current or future needs (i.e., cemetery expansion). Particular attention should be given to acquisition of property located adjacent to currently owned buildings or land. Because the acquisition of property may require the expenditure of significant funds, every effort should be made to ensure that the need for expansion is substantial and enduring. This is particularly important in cases where the acquired property will be converted to a specialty use which may be difficult to resell. Irrespective of the institutional mission which would be served through the acquisition of property, no transaction should be contemplated unless the parish can clearly demonstrate the ability to pay the additional expenses associated with the new property.

309.5 Acquisition of Property - Procedures

The Bishop must be consulted when the acquisition of real property is proposed. The pastor should submit a written request to acquire the subject property. The request should include the following items:

1. specific identification of the property to be bought and how the acquisition would be paid for;
2. the rationale supporting the purchase;
3. an assessment of the purchase in view of current and future needs of the purchaser;
4. a statement setting forth the efforts made to satisfy the needs of the parish in its existing property; and

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5. a profile of the parish's financial condition and the projected impact of the acquisition.

It is important to submit this information to the Chancellor as soon as a proposal to purchase has been formulated for consideration. No significant action (such as obtaining an appraisal or publicizing the matter) should be taken in anticipation of a response.

The recommendations of the Parish Trustees, Parish Pastoral Council and Parish Finance Council must also be submitted to the Chancellor. Upon receipt of the documented request, the Chancellor's Office will seek input from the appropriate offices within the Diocese.

After review of the assembled information, the Bishop will make a determination on the proposal and have it communicated to the relevant parties. All aspects of the subject transaction will be coordinated by the purchaser, including negotiation of final terms, preparation and securing of all necessary legal and supporting documents (including appraisals, building inspections and environmental assessments). Continued communication with the Chancellor is to be maintained throughout the process.

309.6 Lease of Property - Policy

When a building, or a portion thereof, is no longer needed to service the needs of the parish, reasonable efforts should be made to identify a user for the space. The prospective use should not create a material conflict with the normal operations of the parish. It should be clear that the ministry of the parish is to be given priority over the re-use of available property.

Establishment of a lease relationship creates a situation where limits need to be developed for the protection of both parties. In this regard, it is important that the parish insures that the tenant will not conduct activities on the leased property which are incompatible with the parish's mission or damaging to its relationship with the community. The stability, mission and reputation of the prospective tenant should be carefully evaluated before any commitments are made.

All leases need to be in writing and include provisions based on the following policies:

1. It is recommended that tenants be not-for-profit agencies/corporations which enable continuance of the subject property's exemption from real estate taxes. Loss of this exemption could occur if a tenant is a for-profit corporation.
2. The tenant's use of the leased premises must be restricted so there is no conflict with Church doctrine.
3. Rent from the tenant should be established at an amount which permits the property to maintain its exemption from real estate taxes. In general, rent is limited to the "actual carrying, maintenance, interest and depreciation expenses" associated with the property or portion thereof.
4. The term of the lease should not extend beyond five years. Under State law, leases which extend beyond five years require the Bishop's consent and Supreme Court approval. Lease terms extending beyond five years should only be permitted in

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- cases where the tenant is required to invest substantial funds to upgrade the leased premises.
5. Leased premises need be utilized in accordance with the existing certificate of occupancy.
 6. Tenants must provide adequate levels of insurance coverage. Because each tenant has a different risk profile, insurance limits will be established on a case-by-case basis.

A sample lease agreement is provided in Appendix K, Use of Parish Facilities by Outside Groups.

309.7 Lease of Property - Procedures

When property becomes available and the parish seeks to find a tenant, the pastor should contact the Chancellor as soon as possible. The Chancellor will determine whether a Diocesan-related entity can use the space. If an internal user is not identified, the parish may begin to seek an acceptable third-party user.

Before entering formal negotiations for a lease, the parish must write to the Chancellor's Office and provide the following information:

1. a brief description of the property to be leased;
2. a description of the proposed transaction;
3. the reason for the proposed transaction;
4. the nature of the entity interested in leasing the property and the proposed use;
5. the prospective tenant's financial strength; and
6. the benefits to be derived from the leasehold arrangement, including the proposed rent and any alterations which may be required.

The recommendations of the Parish Trustees, Parish Pastoral Council and Parish Finance Council must also be submitted to the Chancellor.

On receipt of this information, the Chancellor's Office will seek input from the appropriate offices within the Diocese. After review of the assembled information, the Bishop makes a determination on the proposal and has it communicated to the relevant parties.

All aspects of the subject transaction will be coordinated by the lessor, including negotiation of final terms, preparation and securing all necessary legal and supporting documents. Continued communication with the Chancellor is to be maintained throughout the process.

309.8 Accepting of Donated Property

Please refer to Section 406.5 of the Diocese of Ogdensburg's *Pastoral Handbook*.

309.9 Tax Issues

Any real property which is used for religious or charitable purposes is tax-exempt. Upon receipt of the renewal forms from the municipality, the parish must complete and return

the renewal forms to the municipality in order to maintain this tax exemption. Failure to file these forms may result in loss of the respective tax exemption. Newly purchased property is not automatically tax-exempt. Application for tax-exempt status must be filed with the appropriate municipality.

Appendix H provides information about Real Property Tax Exemption issues.

310 Insurance Program and Risk Management

310.1 Overview

The Diocese of Ogdensburg has an insurance and risk management program to help all churches, schools and participating service agencies to adequately protect their resources and to promote an environment in which it is safe to worship, live, study and work. The intent of this section is to explain the insurance program and provide several key safety and risk management tools to help protect these valuable resources and services.

The Diocese's insurance program is titled, "Protected Self-Insurance Program" (PSIP). It is administered by the Diocese's Insurance Office which is staffed by the Insurance Risk Manager and the Claims Representative. It is the responsibility of this office to:

1. process claims;
2. perform risk inspections of all diocesan properties;
3. collect and analyze exposure and coverage information;
4. assist the Bishop and diocesan administration in claims litigation;
5. assist the Diocesan Fiscal Office in premium billing of all diocesan entities offered coverage through PSIP.

310.2 Key Points of the Program

1. All employees and volunteers must read and sign:
 - a. the Diocesan Policy Related to Sexual Misconduct
 - b. the Authorization & Disclosure Form for Background Check as required by the United States Conference of Catholic Bishops.

Employees and volunteers are also required to undergo the VIRTUS-Protecting God's Children training program. Please consult the Diocesan Safe Environment Office by calling (315) 393-2920 Ext. 1440 for more information.

2. All incidents involving injuries or property damage to visitors, parishioners, students and employees must be reported within 24 hours to the Diocesan Insurance Office.
3. Claims or suits involving allegations of wrongful termination are only protected if the termination or discharge occurs after the pastor has sought and followed the advice of a qualified attorney, diocesan Human Resources Director, or other professional approved by the diocese.
4. All contractors performing work at a covered location must:
 - a. Execute with the location a contract stating in part that the location, the Bishop and the Diocese of Ogdensburg are to be indemnified and to be named as additional insureds on the contractor's insurance policy.
 - b. Provide proof of general liability, automobile liability and workers' compensation insurance. The Certificate of Insurance must name the covered location, the Diocese of Ogdensburg and the Bishop as additional insureds.
5. All outside groups using or renting covered facilities must have general liability insurance or purchase Special Event Liability Insurance from the Diocese.

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6. 15 passenger vans are not to be used for transportation needs by any school, parish, social service or Catholic Charities function.
 7. If the pastor or his staff are served with legal documents such as subpoenas, summonses and complaints, etc., the documents must be forwarded to the Episcopal Vicar for Pastoral Service and the Diocesan Insurance Office immediately.
 8. Each covered location should accurately report all exposures to the Diocese of Ogdensburg's Insurance Office.
 9. All covered locations have a \$250 deductible per occurrence on property losses.
 10. All covered vehicles have a \$250 deductible per collision loss and \$100 deductible for comprehensive.
 11. The FS-20 information for automobile insurance must match the information on the vehicle registration card, or the DMV will deny renewal of the registration, or may apply a suspension.
 12. The Diocese Insurance Office should review the indemnification and hold-harmless provisions of all contracts requiring a certificate of insurance prior to signing.
 13. Parish festivals, bazaars, fairs, etc. have hidden risks that can be addressed during the planning stages. Please refer to the Summary Plan Document for Protected Self Insurance Program for guidance.

310.3 Claims Reporting Procedures

Timely claims reporting is the single most effective way to reduce the impact or cost of a claim. Claims reported within 24 hours of occurring cost significantly less than claims reported within 5-7 days of occurring. The Diocesan Insurance Office will help facilitate timely reporting of claims. The number for reporting claims to the Diocesan Insurance Office is 315-393-2920 Ext. 1230.

Workers' Compensation claims should be reported immediately to the Claims Representative, at 315-393-2920 Ext. 1231. The Summary Plan Document for Protected Self Insurance Program, available from the Diocesan Insurance Office, provides detailed step-by step instructions for claims reporting.

In an emergency outside the workday the Risk Manager may be contacted at (315) 212-3471.

310.4 Service of Legal Documents and Lawsuits

When a parish is served with legal documents such as a notice of a lawsuit, a subpoena, or a summons and complaint, a response is required by law within a certain number of days. Copies of all such legal documents must be sent via overnight mail, to the Moderator of Curia immediately upon receipt.

310.5 Schedule of Insurance Coverages

Insurance schedules are included in the Insurance and Risk Management Manual (separate from this Manual) to describe the types of coverages provided by the program. The program includes coverage for:

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- Property
 - Boiler and Machinery
 - General Liability
 - Excess Liability
 - Sexual Misconduct Liability
 - Commercial Auto
 - Crime Insurance
 - Workers Compensation
 - Priests Personal Property
 - Special Events Protection

The information included in the schedules is a summary and does not list all limitations and exclusions to coverage. Specific questions regarding coverage, terms and conditions, and exclusions should be directed to the Diocesan Insurance Office at 315-393-2920 Ext. 1230.

310.6 Contract Review Procedures

The Diocese's Insurance Office must review all contractual insurance, defense, hold-harmless and indemnification provisions that require the issuance of a Certificate of Insurance or when the amount of the contract exceeds \$4,000. The review verifies that the contract is properly worded and protects the interests of the parish. Contracts must be sent to the Diocese's Insurance Office at least 30 business days prior to signing by the pastor.

310.7 Construction and Maintenance Contracts

All contracts related to construction and building maintenance must be sent directly to the Diocesan Insurance Office for review. Information on insurance requirements are included in the Summary Plan Document for Protected Self Insurance Program.

310.8 Requests for Certificates of Insurance

All requests for Certificates of Insurance must be sent directly to the Diocesan Insurance Office. If the request is related to a contractual obligation, the corresponding insurance, defense, hold harmless and indemnification requirements must be attached to the request. A Certificate of Insurance cannot be issued for a contract unless the insurance, defense, indemnification and/or hold harmless provisions have been reviewed and approved by the Diocesan Insurance Office.

310.9 Hold Harmless, Indemnity and Additional Insured Mandates

No parish may agree to defend, indemnify, and hold harmless, any third party for that third party's acts of negligence. All contracts must indicate that each party will be responsible for its own acts of negligence. If a contract has language contrary to this policy and was signed without the approval of the diocese, then a Certificate of Insurance naming the outside third party as an additional insured will not be issued.

310.10 Transportation Services, Buses and Limousines

All agreements for transporting students and/or groups must be sent directly to the Diocesan Insurance Office for review and approval. Each transportation or bus service contractor must maintain a minimum of \$10,000,000 in combined primary and excess automobile liability insurance coverage per accident. The policy must name the parish, the

Diocese of Ogdensburg and the Bishop of Ogdensburg as additional insureds. A 10-15 passenger van cannot be owned, leased, or used to transport K-12th grade-aged children.

310.11 Special Events Insurance

Special events insurance allows third parties to use parish facilities by offering liability insurance protection to outside groups. Special events insurance should be used when a parish allows an individual or organization to use its facilities for a non-sponsored activity. The current cost for special event insurance is \$100 per event. This provides \$1,000,000 in liability insurance for bodily injury and property damage for the special event user, the parish and the diocese. The \$1,000,000 limit is shared by the covered parties and is “per event” coverage. Host liquor liability insurance is included.

Please contact the Diocesan Insurance Office, for details regarding applying for special events insurance, mandatory usage of the Facilities Use/Indemnity Agreement for contracting with outside third parties, and for a listing of non-covered events. Risk management information is available to guide the parish in allowing outside organizations to use the facilities.

310.12 Risk Management Policies

Risk Management Policies are included in the Summary Plan Document for Protected Self Insurance Program to help parishes, schools and agencies be proactive in the areas of safety and risk management. The policies included in the Manual include the following:

- Hired Equipment and Parish Festivals and Bazaars
- Contractors Working on Church Property
- Facilities Use Policy for Outside Groups (Refer to Appendix K)
- Insurance Certificates and Construction Contracts

311 Employee Benefits

311.1 Overview

The Group Insurance Plans offered through the Diocese of Ogdensburg include Health and Prescription Drug coverage to eligible members of the clergy, religious brothers and sisters, and lay employees. Short term disability coverage is provided for all eligible lay employees. All lines of coverage that a parish offers to its employees must be provided by the Diocese of Ogdensburg, unless the Diocese of Ogdensburg does not offer the particular coverage. Participation in any of the group plans is limited to individuals who otherwise satisfy the specific eligibility requirements for such group plans and are either employed by the Diocese of Ogdensburg or are employed by an institution or agency properly listed in the Official Catholic Directory, which has adopted and participates in such group plans with the consent of the Diocese of Ogdensburg. Employees must be paid through a payroll system to be eligible for benefits.

With the exception of religious, non-paid personnel, volunteers and independent contractors are not eligible to participate in any group plans. Benefit plans are subject to the terms, conditions, limitations and exclusions of the plan contracts issued by the individual insurance carriers to the group. The Diocese of Ogdensburg reserves the right to modify or discontinue any of the group plans at any time.

311.2 Eligibility for Benefits

There are specific rules governing eligibility for the group plans. Individual employers determine the minimum number of hours an employee must work to be eligible for health insurance. The minimum hours must not be less than 20 and must be applied consistently for all employees. Only eligible personnel may participate in and receive benefits.

311.3 Summary of Coverage

The following are the group benefit plans provided through the Diocese of Ogdensburg. The descriptions of the coverage are summaries only.

- **Health Coverage** – Health insurance coverage is provided through the Diocese of Ogdensburg for priests and religious, unless special arrangements are made between the Order or religious community and the parish where they are assigned or serving. The parish pays the full cost of coverage for priests and religious. Lay employees scheduled to work the required minimum number of hours as determined by parish policy may elect health coverage for themselves and eligible dependents. Lay employees contribute to the cost of the health coverage elected at a rate determined by the diocese.
- **Short Term Disability Coverage** – New York State mandated, limited income benefit insurance is provided for lay employees when the employee is unable to work due to an illness or injury not related to his/her job. Parishes pay the full cost of the coverage.

311.4 Pension Plan

The Diocese of Ogdensburg's Lay Employees' Retirement Plan is a defined benefit plan, qualified under Section 401(a) of the Internal Revenue Code. It is a church plan and is not subject to ERISA.

Following is a brief description of the principal features of the Lay Employees' Retirement Plan.

Eligibility:

A parish employee will become a member of the pension plan on the first of the month following completion of one year of continuous service and the attainment of age 25 provided the employee is scheduled to work at least 500 hours per year.

Contribution:

The pension plan is non-contributory, meaning that the parish pays the entire cost for the employee.

Cost determination:

The parish's annual cost is determined by the Plan's assets and liabilities as of July 1st. The Lay Employees' Retirement Plan Committee determines the cost to be paid by participating employers based on the annual valuation provided by the Plan's actuaries. This cost is expressed as a percentage of the participants' compensation. The cost percentage is determined as of July 1st and must be paid even if an employee is terminated in the middle of the fiscal year. For example, if an employee is active on July 1, 2007, he/she becomes part of the cost. When the employer is billed for the July 1, 2007 – June 30, 2008 fiscal year, the employee remains part of that cost even if he/she is terminated prior to June 30, 2008.

Annual benefit statements:

Annual benefit statements are produced for all participants and sent to each pastor. The statement displays the pension a participant has already accrued and a projection of the pension at retirement. The statements must be distributed to the employees.

Terminations, retirements, deaths:

Any termination, retirement, or death of an employee must be reported immediately to the Human Resources Office using a Lay Employee Termination Form. The Human Resources Office will then notify the employee of any pension benefits.

400 Financial Reporting Requirements and Timetable

Executive Summary

Under the by-laws of the parish corporation and in their capacity as secretary-treasurer, pastors must submit annually to the Bishop, on or before the 15th of August, a financial report prepared on the forms approved for this purpose by the Chancery and signed by the pastor and trustees of the civil corporation. Pastors must also make such other reports as may be requested by the Board of Trustees.

The timely production of the annual financial report is essential for prudent parish management. The by-laws mandate that the year-end financial reports be available for the annual meeting of the parish trustees. For fiscal year-end reporting, all funds (Parish, Mass Account, and Cemetery) must be combined for the annual parish financial report to the Diocese of Ogdensburg. The reports are the basis for informing Bishop and diocesan administration and the parish of financial issues arising during the prior fiscal year. The reports also provide data required by the Diocesan Fiscal Office in determining assessable income for billing purposes.

Electronic filing of reports is the preferred method for their submission to the diocese.

401 Reporting to the Diocese

Each parish is required to submit a complete financial report to the Diocese on or before the 15th of August of each year. Electronic filing is the preferred method of sending these reports. A complete financial report consists of the following:

- Previous Year Comparison Balance Sheet dated June 30 of the reporting fiscal year
- Previous Year Comparison Parish Profit & Loss for fiscal year
- Previous Year Comparison Mass Account Profit & Loss for fiscal year
- Previous Year Comparison Cemetery Profit & Loss for fiscal year
- Year to Date Trial Balance (July 1 to June 30)
- Reconciliation in any change in Prior Year Cash Position
- Schedule of Outstanding Accounts Payable
- Parish Financial Report form

The report is to be signed by the pastor and two lay trustees.

402 Reporting to the Parish

A year-end financial report must be made to the parish community each year within 90 days of the end of the fiscal year. At a minimum, this report should consist of at least the Year to Date Statement of Revenues and Expenditures.

500 Schools

Basic principles of cash management apply to parishes, schools and cemeteries. Schools are expected to adhere to all of the policies and procedures laid out in this manual. This section describes only those areas where policies for school finance are exceptions to policies for parish finance.

200 Parish Overview Legal

Parish schools fall under the governance of the parish.

Regional schools are under the governance of an Education Council, a partnership of the parishes providing support. As a corporate entity separate from the parishes they serve regional schools perform their own accounting.

301.1 Bank Accounts

As noted in “School Cash Receipt System”.

301.2 Revenue

Schools are urged to use a third-party tuition billing/collection/ management service for billing and collecting tuition. Schools that choose to collect their own tuition must follow procedures for safeguarding and recording all monies. Deposits must be tracked and student accounts receivable must be reconciled to a sub-ledger each month and the principal will initial the reconciliation as his or her approval. The parish policy regarding the consequences for non-payment of tuition balances must be clearly described in the student handbook for each school.

301.4 Endowment and gifts

When a school receives grant or scholarship money for a specific student, it should be applied to that child’s tuition as a reduction in the outstanding receivable. Full scholarship students must be kept on the tuition runs to assure proper enrollment measurements.

303 Diocesan Investment Programs

Schools are invited to participate in these programs.

306 Budgets

The pastor and the principal must work together to formulate the school budget. Budget guidance on expenses is provided each year on the budget worksheets, which is issued by the Diocesan Director of Catholic Education. Tuition rates are established locally by the pastor and principal and are ultimately approved by the pastor. School budgets must be approved by the pastor, or Education Council for regional schools.

311 Employee Benefits

School employees receive benefits as stated in the Diocese of Ogdensburg's Catholic School Policies.

400 Financial Reporting Requirements

Separate financial reports are required at the same intervals that parish financial reports are filed.

500.1 School Cash Receipt System

The Parish Financial Manual states in section 301.1 Bank Accounts:

In single parish schools, there are not normally separate bank accounts for the school since the school's finances are part of the parish finances. However, if, for a specific reason e.g. student activity funds, the school has its own bank account, then the pastor and the principal should both be signatories on those accounts with two (2) signatures required for withdrawals for more than \$500.00.

In regional schools, the Principal and Vice-Principal should both have signature authority with only one signature required.

A regional school should have only one bank account into which all funds are deposited and from which funds are withdrawn. In the case of a single parish school the parish general checking account is used. As mentioned above, if a single parish school needs its own bank account, it should not have more than one.

All school student activity, fund raising, etc. should be processed in the one general checking account. (See below cafeteria).

Schools must advise parents that a personal check, bank check or money order is the preferred manner to transfer money to the school.

500.2 Structure on how a school handles cash receipts:

Steps for recording income received at the school:

- All funds received must be recorded to a three-part pre-numbered receipt book. The receipts should be completed as follows: date of payment, name of person making the payment, amount of payment, reason for payment, marked as cash, check (check number as well) or money order. The receipt must be completed in ink and signed by the individual receiving the payment.
- The original receipt is given to the parent, child or individual making the payment or donation.
- The second receipt will go with the funds received along with the tally sheet (transmittal page).

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- The third receipt will remain in the receipt book and will be used later for reconciling to the print-outs from QuickBooks Pro. The receipt book with the third receipt will be retained for seven years.
 - If a receipt is voided, the face of the first receipt is marked "VOID" marking also the second and third receipt. The second voided receipt is then sent with the rest of the receipts for deposit so as to keep them in numerical order. The first voided receipt is stapled to the third voided receipt in the book for a proper audit trail.
 - All student activities cash receipts will be listed on the transmittal page by grade and activity e.g. 5th grade candy bar sales.
 - All other miscellaneous cash receipts will be listed on the transmittal page with a description detailing the payment.

Steps for recording the receipts to tuition records and other billings:

- Schools are urged to use a third-party tuition billing/collection management service for billing and collection of tuition. If a third-party is not used tuition should be paid by personal check, bank check or money order.
- The school should use a computerized billing system in QuickBooks Pro for items not billed using a third-party administrator.
- Each individual billed must be set up as a customer with complete name, mailing address and telephone number(s).
- Bills must be itemized according to the appropriate account.
- All charges, credit memos and adjustments must be made in QuickBooks Pro. At no time should items be manually adjusted to the customer's invoices or statements.
- All cash receipts that need to be recorded against an invoice or billing statement must be processed in QuickBooks Pro by selecting the Received Payments icon.

Steps for counting and recording cafeteria income:

- If a school chooses to have a separate bank account for the cafeteria, then parents should be advised to write a separate check for payment for cafeteria meals. A three part receipt book should be established for the cafeteria account.
- In the event that a check is received for multiple purposes which require deposit into more than one checking account, (e.g. cafeteria account and general account) both bank account deposit slips should be used designating the amount for each account. A multipurpose check should be deposited separately from other deposits.
- A cash till of \$50.00 should be used to receive all payments for cafeteria purchases.
- After the count is taken from the cash drawer it should be replenished with the same amount of start up cash from that day's count. The cash till drawer should

have a set amount maintained in order to make change for cafeteria lunch purchases. The remaining cash should be counted and prepared for deposit and balancing to the cafeteria meal count sheet.

- Procedures for purchasing lunch should follow accurate accounting practices set forth in federal and state regulations for free and reduced lunch programs.

TALLY, RECONCILIATION AND DEPOSIT OF CASH RECEIPTS:

Steps for totaling the days cash receipts to the tally sheet (transmittal page):

- The school secretary or principal will make a tape total of all the currency, coins, and the individual checks to compare to a second tape total of the receipts. If the two tapes agree, then the receipts can be recorded by account to the tally sheet (transmittal page).
- The tally sheet (transmittal page) must be marked with the beginning and ending receipt numbers that make up this deposit.
- A copy of the tally sheet (transmittal page) is kept in the school office and the tape total for the cash is then stapled to it.
- The day's cash receipts must be totaled and added to the tally sheet (transmittal page), then deposited in the bank.
- The cash receipts items will be listed on the tally sheet (transmittal page) by account and item name. This sheet total must match the two tape totals before the deposit is made and brought to the bank.

Steps for transferring the transmittal page to the rectory for deposit of parish school funds:

- Once the tally sheet (transmittal page) total matches the two tape totals for cash receipts and the funds received, the parish office should be notified to pick up the tally sheet (transmittal page) and the funds, or the school staff should bring them to the rectory. These items (tally sheet, school funds and tape total) should be placed into a tamper-evident bundle bag and this bag must be sealed before pick-up or delivery.
- The school's copy of the tally sheet must be initialed by the parish staff that receives the tally sheet along with the funds.
- If the tally sheet (transmittal page) and funds are not picked up by the parish staff, or dropped off by the school staff the tally sheet and funds must be kept in a locked safe in the school.
- The tally sheet (transmittal page), funds, cash receipts and the tape total are secured in the principal's office until they are picked up or delivered to the rectory on the next business day.
- It is recommended that bank deposits be made daily.

Steps for regional schools bookkeeper for review of the tally sheet, cash receipts and preparing the deposit:

- Once the school secretary balances the tally sheet totals to the two tape totals for cash receipts and the funds received these items should be forwarded to the school bookkeeper for review and depositing of the funds.
- If the funds are unable to be given to the school bookkeeper the tally sheet and funds must be kept in a locked safe.
- The tally sheet, funds, cash receipts and the tape total are secured in the principal's office until they are picked up or given to the school bookkeeper on the next business day.
- It is recommended that bank deposits be made daily.

Steps for recording and depositing of single parish school funds:

- The parish bookkeeper must make a tape total of the funds received to make sure it matches the tape total attached to the transmittal page and the total listed on the transmittal page. If they do not match the tally sheet should be returned to the school and the principal should be notified of the error.
- The parish bookkeeper should make sure the beginning and ending cash receipt number match the beginning and ending receipt numbers they received. These same numbers will be used for the school deposit and must remain in numeric order. If the cash receipt numbers are not in numeric order, the pastor and principal should be contacted about the problem.
- If the tally sheet (transmittal page) totals agree, a duplicate deposit slip is made up and brought to the bank for deposit. The duplicate deposit must be stamped by the bank along with a bank receipt. The duplicate deposit slip that is stamped by the bank will remain as back up for the tally sheet kept by the parish office (regional schools will only need the duplicate deposit slip and not a second bank receipt.)
- A monthly reconciliation of cash received by the school and deposited by the parish shall be performed. The principal and pastor should initial this reconciliation to note their review and approval of the reconciliation.

Steps for turning a copy of the duplicate deposit that is stamped by the bank to the school:

- The bank receipt that is stamped by the bank should be given to the principal. The stamped bank receipt is stapled to the copy of the tally sheet (transmittal page) and kept in the school office.
- The Principal should verify that the total on the tally sheet (transmittal page) matches the bank receipt.

Steps for the school to reconcile the monthly reports from QuickBooks to the three-part receipt book and the school billing:

Single Parish School:

- The school secretary should receive from the parish bookkeeper monthly detail account transaction reports for all school income accounts. The detail account transaction reports will list the consecutive receipt numbers in the memo section of the report. The report totals must balance to the total of the school records received for the same period of time and receipt numbers. It is advisable that an individual not involved with the collection, receipting and depositing of school funds perform this reconciliation. The principal should initial the reconciliation to note the principal's approval.
- The pastor and the principal should be contacted if items do not agree with either the school records, copies of the transmittal page or the receipt book.
- Student tuition billings and payments must be tracked *by the parish* in the QuickBooks Accounts Receivable module. The Accounts Receivable balance of tuition receivable must be reconciled to the general ledger balance on a monthly basis. The principal should initial the reconciliation to note his/her review and approval of the reconciliation.

Regional Schools:

- The school secretary should receive from the school bookkeeper monthly detail account transaction reports for all school income accounts. These detail account transaction reports will list the consecutive receipt numbers in the memo section of the report and these report totals must balance to the total of the school records received for that same period of time and receipt numbers. It is advisable that an individual not involved with the collection, receipting and depositing of school funds perform this reconciliation. The principal should initial the reconciliation to note principal's approval.
- The principal should be contacted if items do not agree with either the school records, copies of the transmittal page or the receipt book.
- Student tuition billings and payments must be tracked in the QuickBooks Accounts Receivable module. The Accounts Receivable balance of tuition receivable must be reconciled to the general ledger balance on a monthly basis. The principal should initial the reconciliation to note his/her review and approval of the reconciliation.

600 Cemeteries

Basic principles of cash management apply to parishes, schools and cemeteries. Cemeteries are expected to adhere to all the policies and procedures laid out in this manual. This section describes only those areas where policies for cemetery finance are exceptions to policies for parish finance.

200 Parish Overview Legal

Parish cemeteries are a ministry of the parish and require no separate incorporation although some cemeteries have incorporated. While most of the provisions of the New York State not-for-profit laws governing cemeteries do not apply to those operated by religious institutions, the cemeteries of the Diocese voluntarily abide by those laws.

301 Cash Management

Parishes with cemeteries must maintain at least two separate bank accounts for their cemeteries. One should be a general account for the routine operation of the cemetery. The second is for endowed care funds which are held at NBT bank. A third account for reserve funds to be held in the Deposit & Loan Fund is optional.

Parishes with cemeteries must not commingle general and endowed care funds. They are not permitted to transfer funds from endowed care accounts to either the general or reserve funds. Interest earned on the endowed care account is deposited in the cemetery general checking account.

301.2 Revenue

Each cemetery is required to charge a minimum price for endowed care for each grave sold. Effective February 1, 2016, the minimum charge is \$155. This fee increases \$5 every three years, so the next change occurs on February 1, 2019 when the minimum charge for endowed care increases to \$160.

The endowed care charge is to be added to the charge for the sale of each cemetery lot, or the charge for grave openings, according to the local policy. The interest income from the endowed care account is to be used solely for cemetery maintenance, but the principal must be retained to ensure that the cemetery will be properly maintained, even after burials are no longer taking place. Cemeteries should replace the annual care fee with an endowed care fee.

303 Investment Guidelines

Cemeteries must invest their endowed care monies in the Diocesan Endowed Care Fund held at NBT bank. This Fund provides a larger investment base and helps maximize return on a parish's endowed care assets. Account numbers (all end with "1362") must be included when submitting the form to accompany an investment in the Diocesan Endowed Care Fund. Without the account number the deposit is likely to go into the incorrect parish's account.

304 Standardized Chart of Accounts

Accounts for cemetery operations are included in the general Diocesan Chart of Accounts.

306 Budgets

An annual budget and annual maintenance plan should be prepared for cemeteries.

310 Risk Management

Care should be exercised so that all applicable Federal, State and local laws and OSHA regulations are carefully observed. Contractors working in the cemeteries must present a certificate of insurance with limits established by the Diocesan Insurance Office.

400 Financial Reporting Requirements

The cemetery financial report is part of the parish financial reports. The reports must include a separate income statement for the general cemetery checking account.

In addition, the pastor and the Parish Finance Council should conduct an annual review of the Endowed Care Fund in planning of future maintenance of the cemetery.

APPENDIX A - List of Contacts

Department/Office	Contact	Phone	Ext
Bishop	Most Rev. Terry R. LaValley	1-315-393-2920	1201
Moderator of the Curia and Episcopal Vicar of Administration	Rev. Kevin J. O'Brien	1-315-393-2920	1300
Chancellor	Deacon James Crowley	1-315-393-2920	1310
Episcopal Vicar for Clergy	Rev. Christopher Carrara	1-315-393-2920	1340
Episcopal Vicar for Education and the New Evangelization	Rev. Msgr. Robert H. Aucoin	1-315-782-1190	
Fiscal Office	Michael Tooley, Diocesan Fiscal Officer Peggy Garrison, Senior Diocesan Accountant Karen Ruddy, Diocesan Accountant Heather Ladouceur, Fiscal Office Assistant	1-315-393-2920 1-315-393-2920 1-315-393-2920 1-315-393-2920	1210 1212 1213 1215
Human Resources	Kimberly Snover, Director	1-315-393-2920	1211
Parish Administrative Services	Kathleen Donaldson, Coordinator	1-315-393-2920	1214
Development Office	Scott Lalone, Executive Director Valerie Mathews, Assistant Director of Development and Director of Bishop's Fund and Stewardship Lorraine Carney, Office Assistant	1-315-393-2920 1-315-393-2920 1-315-393-2920	1330 1331 1332
Department of Education Christian Formation	Sr. Ellen Rose Coughlin, S.S.J., Director of Catholic Education Mrs. Karen Donahue, Assistant Superintendent	1-315-393-2920 1-315-393-2920	1400 1402
Insurance	James Morrison, Risk Manager in case of an emergency Rita Reynolds, Claims Representative	1-315-393-2920 1-315-869-6003 1-315-393-2920	1230 1231

APPENDIX B - Frequently Asked Questions (FAQs)

Capital Projects Approval

Who do I speak to first to get a Capital Project approved?

The parish must seek permission when a project is expected to exceed \$10,000. The initial contact should be made with the Chancellor. If the parish intends to run a capital campaign, approval from the Chancellor is required.

All projects over \$10,000 need approval from the Chancellor. All liturgical changes must also be approved by the Bishop.

Employee Benefits

My employee just got married and wants to enroll his/her spouse in our Health Benefit Plan. Does the employee need to wait until Open Enrollment to add the spouse?

No, the employee can add the spouse within 30 days of the date of marriage. Change of Marital Status is considered a Qualifying Life Event.

An employee terminated employment six (6) months ago. Can I submit a Termination Notice now, and deduct the overpayment of six months insurance premiums from my current monthly insurance bill?

No, benefits are active and claims can be filed by the employee and paid by the insurance carrier until the insurance carrier is notified of the termination date. For this reason, the insurance carriers do not permit retroactive terminations. Please report terminations as soon as they occur. Use the "Lay Employees Termination form.

Investments

Does the Diocese have control over parish funds invested/deposited in the Deposit & Loan Fund (DLF)?

All parish funds invested in the DLF are for parish use only. Each parish has full exclusive access to its funds at any time.

Are the parish funds invested in the Deposit & Loan Fund guaranteed?

Funds on deposit with the DLF are guaranteed by the Diocese and are subject to a fixed rate of return.

Do parishes receive investment statements on their Deposit & Loan Fund Accounts?

Each participant receives a quarterly statement from the Diocesan Fiscal Office which summarizes its account activity for the quarter.

Does the Diocese have any control over parish funds invested in the Diocesan Trust Fund (DTF)?

All parish funds in the DTF remain an asset of the parish.

Are parish funds invested in the Diocesan Trust Fund guaranteed?

The DTF operates as a mutual fund, with its moneys invested in the market. Such being the case, investments are subject to risk. The funds are not guaranteed by the Diocese.

The Diocese's investment program is overseen by its Investment Advisory Committee (IAC). The IAC is responsible for establishing asset allocation of Diocesan investments, including those of the DTF, and for monitoring the performance of the investment managers hired to invest diocesan moneys. The IAC takes very seriously its fiduciary responsibility of implementing and enforcing the terms of the Diocese's Investment Policy.

Do parishes receive investment statements on their investment in the Diocesan Trust Fund?

Each participant receives a quarterly statement from the Diocesan Fiscal Office which displays the cost and market values for the shares owned in each account in the DTF.

Parish Overview Financial

I need a new Chart of Account Number. Can I create a number on my own?

No. You can only add sub-accounts to the main accounts. Please contact the Parish Administrative Services Office for more information.

I'm the bookkeeper or treasurer for a particular bank account. Can I be a signer on this account?

No. The functions of the bookkeeper and duly authorized signer of checks shall not be performed by the same person. The function of signing the checks is the pastor's responsibility. To assure the pastor's access to these banking records, diocesan policy requires that his signature be authorized for all parish/institution accounts. Also, his signature should be on all licenses and agreements.

Can the pastor's signature stamp be used to sign checks? Can the pastor sign blank checks?

No. Any signing of checks before completely filling in the date, the payee and the dollar amount is dangerous and presents unfair temptation to others. To reduce the possibility of unauthorized use, checks should not be signed by a signature stamp or in advance. The use of either practice increases the risk of theft and decreases the pastor's ability to monitor the account's activity. The pastor should review all prepared checks and invoices before signing the checks.

Our parish has an investment in the Deposit & Loan Fund that earns interest, but it stays in the account. How do I record this interest earned in our parish books?

Make a journal entry adjustment dated the same date the interest was earned each time you receive a statement from the Diocese of Ogdensburg. Debit account 710 Amounts Loaned to the Diocese and credit the interest account either 258 for the parish or 418 for a school.

Our parish is planning to pay Christmas Bonuses this year. Do we have to record this type of payment in payroll?

Yes. You must, at a minimum, withhold Social Security and Medicare taxes from all employees paid as well as remitting the employer portion of the same. Also, this bonus should be run as a separate check from that of the regular payroll check.

Should I keep all of the payroll forms that each employee fills out?

Yes. All employees (including priests) should have a separate folder containing W-4s, IT-2104s and I-9s. Lay employees should also have a copy of his/her Lay Employee Retirement form (if eligible), Disability and Health Insurance, and all other forms an employee signs for you (including timecards). The parish should separate the employees' folders by active and terminated employees.

Do all of the lay employees (hourly and salaried) have to complete a timecard, or do just the hourly employees?

Federal and New York State labor laws state, "All lay employees (hourly and salaried) must turn in a signed timecard as a condition of employment." The employee must sign these timecards, and their immediate supervisor signs to verify hours worked. These timecards must be submitted to the supervisor the next business day after the pay period ends. Payroll should not be processed until the payroll clerk receives all signed timecards.

To properly document hours worked for hourly employees and to form the basis for preparation of the hourly payroll, it is suggested that hours worked by each employee be recorded on a daily basis. (Time in at start of workday, time out for lunch, time in from lunch and time out at the end of workday.) Timecards should also be retained for 3 years for future reference. Any hourly wage employee working over 40 hours in a pay period must be paid at time and a half, or comp time for those hours must be taken in the same pay period. Salaried employees only need to indicate days worked on their timecard, and a calendar could be used for this purpose by marking it with a (W) for days worked, (V) for vacation days and (S) for sick days. The salaried employee should print their name at the top of the calendar and a photocopy of the calendar timecard needs to be signed at the end of each pay period. This photocopy needs to be turned into their supervisor for approval.

Can the parish/institution pay volunteers and/or give them a cash gift?

No. Volunteers do not receive pay or other compensation for their service to the parish. Volunteers may receive gifts of nominal value (i.e. turkey, ham, etc.) at Christmas or other holidays, but they may not receive any form of compensation (i.e. cash, bonuses, a gift certificate, etc.) for their services. If an individual is going to be paid for their service, then they must be treated as an employee.

Who should be covered on Unemployment, NYS-45, 941 and census forms?

1. All lay employees should be reported on unemployment and census forms. Priests should not be reported on these forms.
2. Lay employees achieving the age of 25 and working at least 500 hours in a calendar year should be reported for Lay Employees' Retirement Plan purposes.
3. All lay employees should be reported on disability forms with the following exceptions:
 - (a) Part-time employee provided disability coverage through another employer.
 - (b) An employee in "casual employment" (generally working one day or less).
4. All employees, including priests (except those belonging to a religious community), should be reported in forms 941 and NYS-45. Independent contractors are not employees and therefore not reported on these forms.

What reports, if computerized, should I run on a monthly basis?

Since most financial software is date driven, you should complete the bank reconciliation and print it in detail for the period ending before running any financial reports. Monthly financial statements

should be prepared and reviewed by the pastor, the Parish Pastoral Council and/or the Pastoral Finance Council on a regular basis. The financial statements will help with future financial planning and decision-making for the parish. The following is a list of monthly financial statements that should be run: Year-to-date Trial Balance, Balance Sheet for the period ending, Year-to-date Profit and Loss (Income) Statement and Year-to-date Detail General Ledger. Since the Detail General Ledger report is a long report, it may be better for the parish to run this report on a monthly basis only. If an archive of data is performed, the above reports must be produced for the period being archived along with a data backup of the software before the archive is performed. The backup disk(s) should be labeled as follows: The parish name, software name and version, date of backup and marked as archive of data for the following dates: XX/XX/19XX to XX/XX/20XX.

Do I have to wait until I fill out the Parish Financial Report at fiscal year-end to see if I balance or can I do this on a monthly basis with my computerized printouts?

You can use your monthly financial statements (see previous question) to see if your parish is in balance. You will first need your Balance Sheet for June 30, 20XX from the previous fiscal year. The bank account balance minus any liabilities (payroll and accounts payable) will give you an adjusted bank balance (Cash on Hand), and then this adjusted bank balance will be added to your Profit and Loss Statement's Total Income. Then take the period ending Balance Sheet bank account balance and subtract the liabilities (payroll and accounts payable), then add this adjusted bank balance (Cash on Hand) to your Profit & Loss Statements Total Expenses. These two new totals should agree with one another. Please see the following example:

Balance Sheet dated June 30, 2004 lists the following balances:

Parish Checking:	\$1,200.00
Payroll Liabilities:	\$300.00
Accounts Payable:	\$100.00

Balance Sheet dated October 31, 2004 lists the following balances:

Parish Checking:	\$1,700.00
Payroll Liabilities:	\$100.00
Accounts Payable:	\$0.00

The parishes Profit and Loss (Income) Statement for the period of July 1, 2004 to October 31, 2004 list the following totals:

Total Revenue (Income):	\$30,100.00
Total Expenditures:	\$29,300.00

Using the above three reports, the following calculation would be performed to show the period of July 1, 2004 to October 31, 2004 is in balance:

1. Taking the parish checking account balance from the June 30, 2004 Balance Sheet and subtract the payroll liabilities and accounts payable from parish checking which will result in a total of \$800.00 cash on hand.
2. Taking the parish checking account balance from the October 31, 2004 Balance Sheet and subtract the payroll liabilities and accounts payable from parish checking which will result in a total of \$1,600.00 cash on hand.

-
3. Add the June 30, 2004 cash on hand of \$800.00 to the total revenue of \$30,100.00, which will result in \$30,900.00 total cash receipts.
 4. Add the October 31, 2004 cash on hand of \$1,600.00 to the total expenditures of \$29,300.00, which will result in \$30,900.00 total cash expenditures.
 5. See numbers 3 and 4 above results of the totals agree, which mean that the parish is in balance for the period. Now do the same for your Mass Stipend Account and Cemetery Account.

Miscellaneous

Is there a difference between a gift and a donation?

No.

Do you recommend that a parish have a business manager?

Yes. If your parish is small, you can partner with another parish to share a business manager.

How can I get help with identifying potential large donors in my parish?

Contact the Development Office, which has resources and research information available. We can also sit down with a potential donor to offer reassurance. Also, do not overlook consistent donors of small amounts. They frequently leave bequests to their parishes.

The Development Office sent us a letter stating the total of our Bishop Fund collection. How do I record the difference between what our parish has as a total for Bishop Fund and the figure per the Development Office?

Make a journal entry adjustment to your books by debiting account 766 Bishop's Fund Expenditure and crediting account 666 Bishop's Fund Receipt by the amount of the difference that your parish shows as Bishop Fund collection and what the letter has for a total making this journal entry now agree with the total that is listed in the Development Office letter.

There is not a lot of financial expertise in my parish. Can I use two members of my Parish Finance Council as my lay trustees?

Yes. The two groups can overlap.

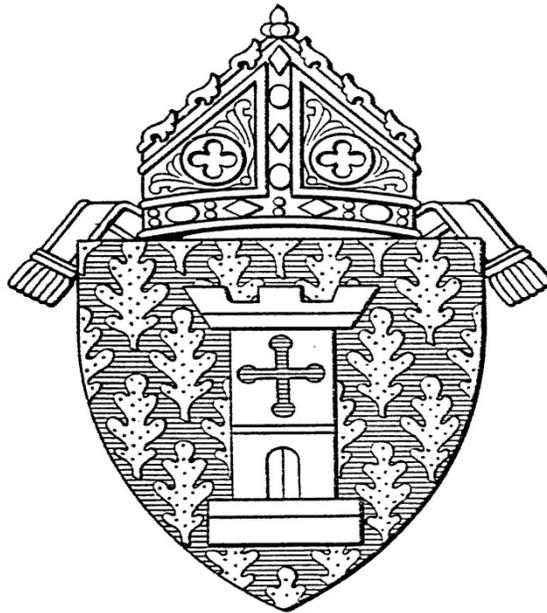
Can someone who is not a parishioner serve as a member of the Parish Finance Council?

Yes.

APPENDIX C – Reporting Priest Remuneration

ROMAN CATHOLIC DIOCESE OF OGDENSBURG

REPORTING PRIEST REMUNERATION



Diocese of Ogdensburg
622 Washington Street, PO Box 369
Ogdensburg, NY 13669-0369

BACKGROUND

In 1983 an ad hoc committee of the New York State Board of Bishops informed the Bishops that priests did not fall clearly into either the category of independent contractor nor employee, the only two categories recognized by the IRS. Because of this, up until that time there was no uniformity in reporting methodology in the state. In order to obtain uniformity, the committee recommended and the Bishops adopted, the policy of filing priest compensation on IRS Form 1099. As a result of this policy, priest compensation has been reported to the IRS as being earned as an independent contractor. The policy of filing Form 1099 to report priest compensation has generally continued to the present.

In 1996 the Diocesan Fiscal Officers Committee, consisting of the fiscal officers of all eight New York State dioceses, recommended to the New York State Catholic Conference that a new study on this issue be undertaken. The fiscal officers cited several factors in requesting the new study process: a recent DePaul University study indicating that a majority of dioceses nationwide have switched from Form 1099 to Form W-2; the targeting of certain midwestern and southern dioceses by the IRS resulting in the classification of priests as employees rather than independent contractors; and a growing concern of New York State priests of this national trend. There has also been an increased awareness noted in several sources: the IRS's newly-published audit guide for priests; national publications, such as "Income Tax for Priests Only," published by the National Federation of Priests' Councils; and private tax consultants.

In September 1996, the Board of Bishops reviewed this issue and requested Catholic Conference staff to establish a study committee to examine this issue and report its findings and recommendations. Since that time the committee has met on numerous occasions to study the matter. The accounting firm of KPMG Peat Marwick was retained to research technical accounting issues that arose from their study. After due consideration, the committee made the recommendation to the Board of Bishops that as a matter of Provincial Policy the reporting of priest compensation to the IRS be changed from that of Form 1099 (independent contractor) to Form W-2 (employee) compensation. The recommendation was accepted by the Board with implementation in calendar year 1999.

OVERVIEW

- 1) Please refer to Pastoral Handbook Section 403 for the most recent approved compensation scale and related benefits for priests serving the Diocese of Ogdensburg.
- 2) The reporting change took effect for the calendar year 1999. The canonical relationship between the Bishop and the priest remains unchanged.
- 3) For IRS purposes priests are considered an employee (W-2), but for Social Security purposes priests are considered an independent contractor (self-employed). Priests are the only dual status employee. Priests will continue to pay the full cost of Social Security taxes. (The employer cannot make any payments to the IRS for Social Security taxes for ordained ministers.)
- 4) Payments received for saying weekend masses are considered employee wages and are to be reported on Form W-2 by the parish paying the priest. The minimum compensation for weekend masses is \$175 per weekend.
- 5) Mileage for travel to a parish to perform weekend services is to be reimbursed by the related parish and is not included as W-2 earnings.
- 6) Mass stipends will continue to be reported on Schedule C of a priest's tax return. Mass stipends are not to be reported on form W-2. The parish must send at the calendar year end on letterhead the total masses said and dollar value paid to each priest.
- 7) A priest's business mileage submitted to the parish may not exceed 27,000 miles for fiscal year 2019-2020. Priests will continue to be allowed to take reimbursements directly from the parish for automobile mileage in excess of 750 miles per month at a rate of .575 per mile with a \$10,350 year maximum for 2020 and this excess mileage is not reduced from the priest's compensation on form W-2. Other legitimate business expenses with a maximum of \$3,400 per fiscal year paid for by the priest and not reimbursed by the parish may be excluded from the income reported on the priest's W-2 if receipts for such expenses are provided to the parish on a timely basis. Other legitimate business expenses include:
 1. Parking fees and tolls
 2. Business meals and entertainment
 3. Vestments
 4. Dues and Subscriptions
 5. Books
 6. Homiletic Aides
 7. Religious Supplies/Software
 8. Retreats
 9. Telephone/Cellular phones (Business portion)

The following numbers 8-10 are for the priests' tax forms:

- 8) Any expenses previously deducted on Schedule C which have not been deducted from W-2 income, can be shown on Form 2106 and carried foreword to Schedule A as an itemized deduction.

9) The minimum room & board allowance to be used in the computation of self-employment is \$3,600. Please note that for priests who do not reside in a rectory and either receive a rental allowance or have rental expenses paid for by the parish the amount paid by the parish is to be reported on form W-2 box 14 "Other".

10) Gross earnings for self-employment taxes include Schedule C earnings and W-2 earnings plus the fair rental value of the rectory provided by the church or rental/housing allowance paid to the priest.

INCOME REPORTING SUMMARY

	Reportable By <u>"Employer"</u>	Subject to Federal <u>Income Tax</u>	Subject to Social <u>Security Tax</u>	Subject to New York <u>State Tax</u>
Remuneration	Yes	Yes	Yes	Yes
Remuneration paid to religious communities for services of religious priests	No	No	No	No
Payments for weekend help, either regular or occasional	Yes	Yes	Yes	Yes
Payments for weekend help, either regular or occasional, and priest belongs to a religious community				
-- Paid to religious community (priest's name is to appear under memo of check. Sufficient accounting of business mileage and expenses is submitted to the parish.)	No	No	No	No
Mass stipends paid directly to priest	No	Yes	Yes	Yes
Health insurance coverage paid by parish or diocese	No	No	No	No
Fair rental value of room & board	No	No	Yes, schedule SE	No
Auto allowance for first 750 miles per month:				
-- If accounting of business mileage is <u>not</u> submitted to parish	Yes	Yes	Yes	Yes
-- If sufficient accounting of business mileage is submitted to parish	No	No	No	No
Auto Allowance for Mileage in excess of 750 miles per month (\$10,350 annual maximum for fiscal year 2020)				
-- If accounting of business mileage is <u>not</u> submitted to parish	Yes	Yes	Yes	Yes
-- If sufficient accounting of business mileage is submitted to parish	No	No	No	No

	Reportable By <u>"Employer"</u>	Subject to Federal <u>Income Tax</u>	Subject to Social <u>Security Tax</u>	Subject to New York <u>State Tax</u>
Retreat (\$600 ea. per fiscal yr max.) and Continuing Education Allowances (\$450 each per fiscal year maximum)				
-- Paid directly by parish to institution	No	No	No	No
-- Paid to priest and <u>no</u> accounting of retreat expenses is submitted to parish	Yes	Yes	Yes	Yes
-- Paid to priest and sufficient accounting of retreat expense is submitted to parish	No	No	No	No
Matching Grants of up to \$1,000 per fiscal year for a priest who invests at least that amount in an IRA				
-- Paid to priest and sufficient accounting of investment expense is submitted to parish	Yes	Yes*	Yes*	Yes*
Matching Grants of up to \$1,000 per fiscal year for a priest who invests at least that amount in a 403(b) plan				
-- Paid to 403(b) plan and <u>not</u> to the priest. The grant must be added to the same retirement account. Make check payable to the 403(b) plans bank	No	No	No	No
Medical reimbursement for co-pays (eye, dental, or other medical expenses) will be allowed, up to \$3,100 per fiscal year				
-- Paid to priest and sufficient accounting of medical expenses is submitted to parish. [This reimbursement cannot be paid unless proper documentation (usually copies of bills from the provider) has been submitted to the parish.]	No	No	No	No

* All IRA deductions are reported on IRS Form 1040.

BUSINESS EXPENSES

Properly documented business auto miles and certain other business expenses paid by a priest (and not reimbursed by parish or institution) may be accumulated and submitted to the parish or institution for reduction of reportable W-2 wages. In order to be eligible for reduction of reportable W-2 wages, business expense must be sustained under an accountable plan. To meet the requirements of an accountable plan, the following requirements must be met:

- 1) the expenses must have a business purpose
- 2) the expenses must be substantiated
- 3) excess payments must be returned within a reasonable period

The priest must provide the parish or institution with sufficient information about the specific nature of expenses to conclude that the expense is attributable to the parish or institution's business activities. The priest should maintain a record of expenses and business miles traveled. To properly substantiate business meals and entertainment, the individuals present for the entertainment or meals should be documented as well as the specific business matter discussed.

A priest's business mileage should be submitted to the parish in order to satisfy the requirements of an accountable plan. If the mileage submitted exceeds 750 miles per month the priest will be reimbursed for the miles in excess of 750 per month at a rate of .575 per mile with a \$10,350 for fiscal year 2018 maximum.

A maximum of 9,000 business miles for fiscal year 2020 at the current IRS rate 575¢, less any reimbursement from the parish, may be excluded from the income reported on the priest's W-2. This mileage sheet should be turned in on the same period for which a priest is paid for.

Other legitimate business expenses with a maximum of \$3,400 for fiscal year 2020 paid for by the priest and not reimbursed by the parish may be excluded from the income reported on the priest's W-2 if receipts for such expenses are provided to the parish on a timely basis. Other legitimate business expenses include:

- parking fees and tolls
- business meals and entertainment
- vestments
- dues and subscriptions
- books
- homiletic aids
- religious supplies/software
- retreats
- business portion of telephone/cellular phone

PRIEST TRAVEL AND BUSINESS EXPENSE DOCUMENTATION FORM

Name: _____

Expense Period From: _____ To: _____

AUTOMOBILE MILEAGE EXPENSE				
Date of Travel	Destination		Purpose of Travel	Miles Traveled
	From	To		
			Subtotal	
			Subtotal from additional page(s)	
			Total Miles Traveled (Maximum 27,000 per fiscal year)	
			Rate per mile	\$ 0.575
			Total Automobile Expense	

NB: Priest is to be reimbursed by parish only for miles in excess of 750 per month at a rate of \$.545 per mile, not to exceed \$9,810 per fiscal year.

OTHER EXPENSES	
Description	Amount
Parking Fees and Tolls	
Meals and Entertainment (attach Business Meals and Entertainment Documentation Form)	
Vestments	
Dues and Subscriptions	
Books	
Homiletic Aids	
Religious Supplies/Software	
Retreats	
Telephone/Cellular phone (business portion)	
Other:	
Total Other Expenses (Maximum of \$ 3,400 per fiscal year)	
Total Travel & Other Expenses	
Less Amounts Reimbursed by Parish	
Net Travel & Other Expenses	

(All items of expense must be supported by appropriate documentation. Please attach receipts and documentation to this form.)

PRIEST BUSINESS MEALS AND ENTERTAINMENT
DOCUMENTATION FORM

NAME: _____ DATE FROM: _____ TO: _____

PARISH: _____ LOCATION: _____

Date	Business Purpose	Individuals Present	Expense
		TOTAL	

(All items of expense must be supported by appropriate documentation. Please attach receipts and documentation to this form.)

TAX WITHHOLDING AND PAYMENTS

Withholding certificates (IRS Form W-4 and NYS Form IT-2104) must be completed for each location that will issue a form W-2 regardless of whether a priest chooses to withhold or not to withhold. As a practical matter, a Form W-4 and Form IT-204 should be completed specifying withholding amounts from a priest's primary place of business, and no withholding from other occasional payors of wages.

There are three choices for the payment of Federal income tax and self-employment tax (FICA) to the IRS.

- 1) **Withholding** of a sufficient amount from remuneration through the completion of Form W-4 box 6 to cover **both Federal income tax and self-employment tax (FICA)**.

This choice is recommended for your primary place of business. This choice will eliminate the need to file quarterly estimated tax payments if a priest has little or no income from sources outside of the church. (Where income is generated from items such as capital gains on the sale of assets or other income coming from non-church related activities there may still be a need to make quarterly estimated tax payments for these amounts.)

- 2) **Withholding** of a sufficient amount from remuneration through the completion of Form W-4 box 6 to cover **only Federal income tax**.

This choice results in the need to make quarterly tax payments for self-employment tax (FICA). This choice requires the priest to make tax payments in a lump sum instead of through periodic amounts. (Where income is generated from items such as capital gains on the sale of assets or other income coming from non-church related activities there may still be a need to make additional quarterly estimated tax payments for these amounts.)

- 3) **Payment of all Federal taxes** including income tax and self-employment tax **through quarterly estimated tax payments**.

This choice requires the priest to make tax payments in a lump sum instead of through periodic amounts.

IMPACT ON RETIRED PRIESTS

- 1099R will continue to be issued for retirement payments to retired priests
- When a retired priest serves as administrator of a parish, the parish will reimburse the Priests' Retirement Fund 75% of the priest's monthly retirement benefit.

INCOME TAX FILING - CLERGY

SECTION A

Clergy Remuneration

Priests' earnings for services performed in the capacity as a priest are subject to self-employment tax. Priests are individuals who are duly ordained, commissioned, or licensed by a religious body constituting a church or a church denomination. They are given the authority to conduct religious worship and administer ordinances or sacraments according to the prescribed tenets and practices of that church or denomination.

Even though a priest is considered self-employed in performing his ministerial services for social security tax purposes, he is considered an employee for income tax purposes. Thus, some of a priest's income will be considered income from self-employment and other income may be considered income from wages.

Remuneration Includible in Taxable Income

The portion of a priest's remuneration which is considered wages is subject to federal and New York State income tax. The annual wage amount is reported on Form W-2. Since priests are considered employees for income tax purposes, wages paid to the ordinary and the priests should be reported on Form W-2. A priest's wages include, but are not limited to:

- regular payments made by the church for services rendered
- payments for weekend help, either regular or occasional
- payments while on leave
- stipends paid to the priest from the church but not Mass stipends
- bonuses

Other income subject to federal income tax but not included as wages would be reported by the priest as self-employment earnings on Schedule C of their Form 1040 (Mass stipends) not on Form 1099-Misc., but from a letter from the parish giving the total paid for that year and list the number of masses said.

Gross earnings for self-employment taxes include Schedule C earnings and W-2 earnings plus the fair rental value of a rectory (3,600 per calendar year) provided by the church or rental/housing allowance paid to the priest. In computing the amount subject to self-employment tax a priest is allowed to deduct from the above income any non-employee ministerial expenses (i.e., expenses directly incurred in producing non church/social paid stipend income), and allowable unreimbursed trade or business expenses incurred in performing ministerial services as an employee of the church (i.e., unreimbursed business expenses reflected on the priest's Form 2106 whether or not his itemized deductions exceed the standard deduction). This assumes, of course, that those expenses have not been reported to the parish and used to reduce the income reported on the priest's W-2. These expenses are not reduced by the nondeductible portion allocated to tax-free income.

SECTION B

Housing or Rental Allowance

The term "rental allowance" encompasses both amounts paid to a priest for lodging and house expenses as well as the fair rental value of a residence provided by the church. Such rental allowance is not subject to federal income tax if it is designated, prior to this payment, as rental allowance pursuant to official action taken by the employing church or other qualified organization. The designation of an amount as rental allowance may be evidenced in an employment contract, in minutes of or in a resolution by a church or other qualified organization or in its budget, or in any other appropriate instrument evidencing such official action. The IRS allows the housing allowance exclusion as long as the amount of the allowance or the fair market value of the home provided is reasonable.

Although excluded from income for income tax purposes, the rental allowance must be included in a priest's self-employment income. The fair rental value represents the amount of rent that would be paid in an arm's length transaction on the open market. In addition, utilities paid by the church for church provided housing must be included in the determination of the fair rental value. The rental allowance and/or fair rental value of housing provided should be reported on the priest's Form W-2 in box 14 "Other."

SECTION C

Business Expense

When the Dioceses converted from reporting priests' remuneration from Form 1099 to Form W-2 the reporting of unreimbursed business expenses by the priests on their individual income tax returns changed. Traditionally, the priests have reported their income on Schedule C of Form 1040. The income has been offset by any unreimbursed expenses incurred in conjunction with earning the income. The income after expenses was the taxable income for federal income tax purposes. When the conversion was made to Form W-2 reporting, the priests will no longer report income paid from the church on Schedule C. It will be reported on line 1 of Form 1040. Consequently, no related business expenses will be reported on Schedule C. All unreimbursed and unreported business expenses will be reported on Form 2106. These expenses will then flow to Schedule A and be deductible only if a priest's itemized deductions exceed his standard deduction and only to the extent that the unreimbursed expenses exceed 2% of the priest's adjusted gross income. For example:

Priest A had income from the church of \$12,000 and unreimbursed business expenses of \$2,000. Prior to the reporting change the priest would report \$12,000 of income tax less \$2,000 of expenses on Schedule C, thus \$10,000 would be subject to tax. Under the new process, the priest would show \$12,000 as wages and assuming the priest's total itemized deductions exceed his standard deduction he would be able to deduct \$1,760 of the unreimbursed business expenses. Thus, \$10,400 would be subject to income tax. (\$2,000 - (\$12,000 x 2%))

Business Expenses Defined

Business expenses are broadly defined as all ordinary and necessary expenses paid or incurred during a taxable year in carrying on any trade or business. An employee may deduct unreimbursed expenses as long as they relate to the employee's business of being an employee and have not been reported to the parish and used to reduce the income reported on the priest's W-2. The primary employee business expenses incurred by a taxpayer are:

- **Transportation/Auto** - Amounts spent for the operation and maintenance of an automobile are deductible as a business expense to the extent that they represent the cost of transportation actually required in carrying on the employee's business. Employees can use either the standard IRS mileage rate or actual expenses in computing the deductible costs of operating an automobile. When utilizing the standard mileage method, the employee's deductible auto is calculated by multiplying the total business miles (not including commuting miles) times the standard mileage rate. If an employee elects to utilize the actual expenses incurred then he must first calculate the business use. This is done by dividing the business miles by the total miles driven during the year. The result is the percentage business use. The employee's actual expenses are multiplied by the business use percentage to determine the deductible expense. If the employee elects to use actual expenses rather than the standard mileage method, a deduction for depreciation is allowed subject to several limitations. First, in order to use an accelerated method of depreciation, the automobile must be used at least 50% for business; otherwise the straight-line method is used. Additionally, the Internal Revenue Service limits the deduction in any year to prescribed amounts based on the year placed in service. Thus, for an automobile placed in service in 1997, the maximum allowable deduction would be \$3,160. This assumes a 100% business use. If the business use was less than 100% then the deduction would be limited to \$3,160 times the business use percentage.

For example, a priest purchases a car in 1997 for \$16,000 and uses it 60% for business purposes. The allowable deduction for 1997 would be \$1,896 ($3,160 \times 60\%$).

Once a method is elected it must be maintained until a new vehicle is purchased unless the business use percentage drops below 50%. If the accelerated method is elected and in a subsequent year the business use drops below 50% then the straight-line method must be used for the remainder of the depreciation life.

Depreciation is reported on Form 4562 as well as Form 2106. Regardless of the method used it is extremely important that the taxpayer maintain a complete and accurate log of the miles driven and business purpose.

- **Travel** - Travel expenses are the ordinary and necessary expenses of traveling away from home for an employee's business, profession, or job. An employee is considered to be traveling away from home if the duties require him to be away from the general area of his tax home substantially longer than an ordinary day's work and sleep or rest is needed to meet the demands or work while away from home. Deductible travel expenses include transportation (i.e., airfare, train, bus, car or taxi), lodging, meals, laundry, telephone, tips and other ordinary and necessary expenses related to business travel.

-
- Business meals and entertainment - Generally a deduction is allowed for ordinary and necessary expenses to entertain parishioners, visiting clergy, or laity if the expenses meet the directly-related test or the associated test. The expense is directly related if the entertainment takes place in a clear business setting, the main purpose of the entertainment was the active conduct of church business, and the employee did in fact engage in business. Furthermore, the employee must have more than a general expectation of receiving some specific benefit at some future time. An expense meets the associated test if the entertainment was associated with the employee's trade or business and the entertainment directly precedes or follows a substantial business discussion. A deduction is only allowed to the extent the expense is not lavish or extravagant under the circumstances. Additionally, the deduction is limited to 50% of unreimbursed costs.
 - Business gifts - A deduction is allowed for business gifts given directly or indirectly to any one person during the year. A business gift is a gift given with the intent of some future benefit. The deduction is limited to \$25 per gift per person. Incidental costs, such as engraving on jewelry, packaging, insuring and mailing are generally not included in determining the cost of the gift for purposes of the \$25 limit.

Other unreimbursed business expenses include by are not limited to:

- Continuing education courses
- Subscriptions to professional journals and books used in the trade or business
- Professional dues
- Professional uniforms, including vestments, but not everyday clothes
- Long distance telephone calls made for business purposes
- Cellular phones to the extent used for business
- Professional supplies to the extent not provided by the employer. These would include religious software, homiletic aids and religious supplies.

Although the above expenses are limited to two percent of adjusted gross income for income tax purposes, the full amount can be offset against income for self-employment tax purposes. Thus, if a priest has an income of \$12,000 housing allowance of \$2,500 and unreimbursed business expenses of \$2,000, his net self-employment income would be \$12,500. Self-employment tax would be calculated on the \$12,500 rather than the \$12,000 of gross self-employment income.

An employee must maintain adequate records to substantiate the expenses incurred. Written evidence has considerable more value than oral evidence alone, and generally an employee must prepare a written record for it to be considered adequate. The proof needed to substantiate expenses should be maintained in an account book, diary, statement of expense, or similar record. All documentary evidence, such as receipts, cancelled checks, or bills should be retained to support each statement of expense. Documentary evidence will normally be considered adequate if it shows the amount, date, place, and purpose of the expense. If an employee is claiming an automobile deduction, the business miles must be documented. A log showing the beginning and ending odometer reading along with a description of the business purpose of the trip (i.e., hospital visit) is the best evidence of business miles. Records of expenses should be maintained for at least 3 years.

SECTION D

Accountable Reimbursement Plans

There are two specific types of reimbursement and other expense arrangements: (1) Accountable Plans and (2) Non-accountable Plans. Payments made under an Accountable Plan are excluded from an employee's gross income and are exempt from income and employment tax withholding and reporting requirements.

A plan is accountable if it meets three requirements:

1. The expenses must have a business purpose.
2. The expenses must be substantiated.
3. Excess payments must be returned within a reasonable period.

The first requirement of an accountable plan provides that advances, allowances (including per diem allowances) and reimbursements must be for business expenses paid or incurred in their performance of services as employees. Allowable business expenses include; but are not limited to:

- traveling expenses
- meals and entertainment
- transportation
- professional dues
- professional supplies

The second requirement provides that advances, allowances, and reimbursements for business expenses must be substantiated. Substantiation is met by the employee providing the employer with sufficient information to enable the employer to identify the specific nature of each expense and to conclude that the expense is attributable to the employer's business activities. The information should identify the amount, time, place and business purpose for the expenses. One way to adequately account for expenses is for the employee to maintain an account book, diary, log, statement of expense, trip sheet or similar record. If entertainment or meals are to be reimbursed, the individuals present for the entertainment or meals should be documented as well as the specific business matter that was discussed.

Substantiation requirements for automobile expenses are relatively simple when the employer reimburses such expenses on a per-mile basis. Rather than keeping an exact record of the amount paid for gasoline, insurance, and other costs, the employer reimburses the employee for his business mileage at the applicable standard mileage rate. (Note, commuting from one's home to work and back is not considered business mileage.)

APPENDIX C1

EMPLOYMENT FORMS

W-4

IT-2104

I-9

Please visit the Diocesan Pastoral Documentation site for information on obtaining the most recent forms.

<http://pastoral.rcdony.org/home/human-resources/new-employee.html>

Note: These forms must be completed by every employee (including priests) before he/she starts any duties for the parish. Also, if replacement or changes are made to the forms submitted for Form W-4 or IT-2104, the old form is still maintained in the employee's payroll folder and they are not discarded.

APPENDIX D – Parish By-Laws Template

BY-LAWS

OF

Article I

Name

The name of the Corporation (hereinafter referred to as the Corporation) is

Article II

Definitions

The following words when used herein shall have the following meanings:

1. “Diocese” shall mean the Roman Catholic Diocese of Ogdensburg, New York.
2. “Bishop” shall mean the Bishop of the Diocese.
3. “Vicar General” shall mean the Vicar General of the Diocese.
4. “Church” shall mean the ecclesiastical entity (parish) that was incorporated under civil law as this Corporation.
5. “Pastor” shall mean the Pastor of the Church or in the absence of the Pastor that priest appointed by the Bishop to assume the rights and duties of the Pastor including, without limitation, an Administrator.
6. “Members of the Church” shall mean the parishioners of the aforesaid ecclesiastical entity (parish).

Article III

Office

The principal office of the Corporation shall be located at the Rectory of the Church or at such other place designated by resolution of the Board of Trustees.

Article IV

Corporate Seal

The seal of the Corporation shall be a circular seal with the name of the Corporation and the year of its incorporation around the border and a cross or other appropriate design, selected by the Pastor, in the center.

Article V

Board of Trustees

Section 1. Powers of Trustees. The Trustees of the Corporation shall constitute its governing body and shall have such power and authority as shall be conferred upon them by law, the Corporation's certificate of incorporation and these by-laws.

No act or proceeding of the Trustees shall be valid without the sanction of the Bishop or, in case of his absence or inability to act, without the sanction of the Vicar General or of the Administrator of the Diocese.

The Trustees shall have the custody and control of all the temporalities and property belonging to the Corporation and of the revenues therefrom and shall administer same in accordance with the discipline, rules and usages of the Roman Catholic Church and of the Diocese for the support and maintenance of the Church and of its various religious, charitable, benevolent and educational activities.

Section 2. Number and Classification. The Board of Trustees shall consist of five Trustees, three of whom shall be ex-officio Trustees and two of whom shall be Appointive Trustees.

The Bishop, the Vicar General and the Pastor, and their respective successors as such, shall by virtue of their offices, be the ex-officio Trustees.

The appointive Trustees (hereinafter referred to as Lay Trustees) shall be two lay persons who shall be members of the Church and shall be appointed by the ex-officio Trustees or a majority of them with the approval of the Bishop.

No Trustees shall receive a salary from the Corporation for service as Trustee. A Trustee may be compensated by the Corporation for services to it other than as a Trustee and may be reimbursed for expenses incurred in serving as such Trustee.

Section 3. Terms of Office of Lay Trustees. The two lay persons signing the certificate of incorporation of the Corporation shall be the two Lay Trustees thereof during the first year of its corporate existence or until their successors shall have been appointed.

The terms of office of a Lay Trustee should be one year or until a successor shall have been appointed. A Lay Trustees may be reappointed for no more than two additional successive one year terms and after the expiration of the last of such terms should not be reappointed as a Lay Trustee until at least one year has elapsed since the expiration of his or her last term.

The term is from February 15 to February 15.

Whenever the office of any such Lay Trustee shall become vacant by expiration of term of office or otherwise, a successor shall be appointed from the members of the Church by the ex-officio Trustees or majority of them with the approval of the Bishop.

Section 4. Removal of Lay Trustees. A Lay Trustee may be removed for cause, after hearing and the opportunity to be heard, by the vote of a majority of the Trustees present at any meeting at which there is a quorum present. No such removal for cause shall be effected unless the Trustee proposed to be removed and all other Trustees have been given at least ten days' written notice of the proposed removal, the alleged cause for removal and the time and place of the hearing and

there is compliance with such other procedures as may be required by law.

Section 5. Resignation. A Lay Trustee may resign at any time by giving written notice of his or her resignation to the Pastor or the Board of Trustees. Any such resignation shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, immediately upon its receipt; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Article VI

Meetings of the Board of Trustees

Section 1. Annual Meeting. There shall be an annual meeting of the Board of Trustees.

Section 2. Special Meetings. A special meeting of the Board may be called at any time by, or at the request of, any ex-officio Trustee.

Section 3. Notice of Meetings. No notice need be given of any annual meeting. Written notice of a special meetings stating the place, date and hour, and stating the purpose or purposes for which the meeting is called, shall be mailed not less than five days before the date of the meeting to the usual address of every Trustee. Notice by email is permitted. Any such notice shall be deemed to have been given when mailed or emailed.

Section 4. Waiver of Notice. Any Trustee may waive notice of any meeting by submitting a signed waiver whether before or after the meeting. The attendance of a Trustee at any meeting shall constitute a waiver of notice of such meeting, except where the Trustee protests, prior to the meeting or at its commencement, the lack of notice to him or her.

Section 5. Quorum. A majority of the whole number of Trustees shall constituted a quorum at all meetings of the Board. Participation by electronic telecommunication shall constitute attendance by a Trustee. The vote of a majority of the Trustees present at any meeting

shall be sufficient to act upon any matter that may properly come before the Board, unless a great vote is required by law, by the Corporation's certificate of incorporation or by these by-laws.

Section 6. Adjournments. A majority of the Trustees present whether or not a quorum is present, may adjourn any meeting to another time and place. Notice of any adjournment of a meeting of the Board to another time or place shall be given to the Trustees who were not present at the time of adjournment and, unless such time and place are announced at the meeting, to the other Trustees.

Article VII

Action Without a Meeting

Any action required or permitted to be taken by the Board of Trustees may be taken without a meeting if all members of the Board of Trustees consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consent thereto by the Trustees shall be filed with the minutes of the proceedings of the Board.

Article VIII

Officers of the Corporation

Section 1. Officers. The officers of the Corporation shall be a President, a Vice-President, a Secretary-Treasurer and such other officers as may be elected by the Trustees.

The Bishop by virtue of his office as such shall be the President of the Corporation, the Vicar General by virtue of his office as such, shall be the Vice-President of the Corporation and the Pastor by virtue of his office as such shall be the Secretary-Treasurer thereof.

Section 2. Powers. In addition to the powers hereinafter specifically granted and subject to such limitations as the Board of Trustees may from time to time prescribe, the officers of the Corporation shall each have such powers and duties as generally pertain to their respective offices but not inconsistent, however, with any other provision of these by-laws.

Section 3. President. The President shall be the chief executive officer of the Corporation. He shall preside at all meetings of Trustees at which he is present and shall have general supervision and management of the affairs of the Corporation.

Section 4. Vice-President. In the absence of the President, the duties of that office shall be performed by the Vice-President who shall also perform such other functions as the President may prescribe.

Section 5. Secretary-Treasurer. Subject to the supervision of the President and Vice-President, the Secretary-Treasurer shall be the administrative officer of the Corporation. In the absence of the President and Vice-President he shall preside at all meetings of the Trustees. He shall conduct all official correspondence of the Corporation, keep a record of all its meetings and perform such other duties as may be assigned to him by the President. He shall have the custody of the corporate funds and property of the Corporation and shall keep an accurate account of the receipts and disbursements; he shall keep all moneys in the name and to the credit of the Corporation in such depository or depositories as may be designated by the Board of Trustees. At the annual meeting of the Trustees he shall render a detailed financial report of the Corporation for the preceding fiscal year and shall make such other reports as may be required by the Board.

Article IX

Waiver of Notice or Lapse of Time

Whenever, under the provisions of any law that does not preclude it or the Corporation's certificate of incorporation or these by-laws or by the terms of any agreement or instrument, the Corporation or the Board of Trustees or any committee therefore is authorized to take any action, at a meeting or otherwise, after notice to any person or persons or after the lapse of a prescribed period of time, such action may be taken, or such meeting may be held, without notice and without the lapse of such period of time, if at any time before or after such action is completed, or such meeting is held, the person or persons entitled to

such notice or entitled to participate in the action to be taken, or such meeting, submit a signed waiver of notice of such requirements.

Article X

Corporate Powers – Consent of Bishop

Section 1. Corporate Powers. The powers of the Corporation shall be exercised and its property and affairs shall be managed in conformity with the discipline, rules and usages of the Roman Catholic Church, including the statutes, rules and regulations of the Diocese, as the same shall be in force from time to time.

Section 2. Consent of Bishop. Without limiting the generality of the foregoing, the Corporation shall not do any of the following without the consent of the Bishop:

(a) Mortgage, lease, sell, convey or otherwise dispose of any of its real property.

(b) Acquire by lease or purchase or accept by gift or devise, in trust or otherwise, any real property or interest therein.

(c) Accept by gift or bequest any money or other personal property that is subject to a trust or any other restriction or condition.

(d) Commence, settle, compromise or abandon any legal action or proceeding.

(e) Incur any expense in making repairs to the property of, or in purchasing equipment for, the Church of an amount more than that maximum amount permitted to be incurred for such purposes without such consent under said statutes, rules and regulations of the Diocese.

(f) Perform or engage in any other act or transaction which requires such consent under said statutes, rules or regulations of the Diocese.

Section 3. Form of Consent. The consent required by Section 2 above shall be given in such form and in such manner as may be authorized by the Bishop and any documentation evidencing such consent may, if so

authorized by the Bishop, by signed by a Vicar General or a Chancellor or other official of the Diocese.

Section 4. Alternate Consent. In the event of the absence of the Bishop or his inability to act, the consent required by Section 2 above may be given by the Vicar General or Administrator of the Diocese.

Article XI

Amendments

These by-laws may be amended or repealed and new by-laws may be adopted by a vote of at least four (4) Trustees at any annual or special meeting of the Board of Trustees. Notice of the proposed action shall be given in the manner required by laws and these by-laws.

APPENDIX E – Parish Chart of Accounts and Account Description

Parish Chart of Accounts

ORDINARY RECEIPTS (202 TO 460):

REGULAR (202 TO 218):

- 202 Envelopes (including Easter)
- 204 Plate Offerings (Sunday, Holyday, Weekday)
- 206 Christmas Collection
- 208 Fuel Collection
- 210 Votive Candles
- 212 Stole Fees
- 214 School Collection
- 216 Lenten Folders
- 218 Other Regular Receipts (specify)
 - 218.1 Flowers*

AUXILIARY – PARISH (254 TO 264):

- 254 Missions, Novenas and Special Services
- 256 Societies
- 258 Interest and Dividends
- 260 Parish Bingo Receipts, (net)
- 262 Other Parish Fundraising – Including Bingo Concessions (net)
- 264 Other (specify)
 - 264.1 Bulletin Ads*

CHRISTIAN FORMATION (282 TO 286):

- 282 Registration Fees
- 284 Income from other Parishes
- 286 Other Income (include fees)

CATHOLIC SCHOOL (INCLUDING PRE-K) (401 TO 499):

- 401.0 Tuition
- 410.0 Catholic School Finance Sharing (CSFS)
- 411.0 Government Reimbursements
- 413.0 Fees
- 414.0 Books
- 415.0 Bingo (net)
- 416.0 Fund Raising (net)
- 417.0 Donations
- 418.0 Bequests

-
- 419.0 Interest
 - 420.0 Other Income (specify)
 - 421.0 Student Activity Income
 - 422.0 Return of Loans from DLF
 - 440.0 Cafeteria Income
 - 460.0 Latch Key
 - 480.0 Advancement Income
 - 499.0 Parish Subsidy

EXTRAORDINARY RECEIPTS (642 TO 654):

- 642 Financial Campaign (specify)
- 643.1 Unrestricted Bequests
- 643.2 Restricted Bequests
- 644 Donations
- 646 Income from Rented Property (specify)
- 647 Income From Room and Board (Priests, or others in resident)
- 648 Sale of Property and Investments (specify)
- 650 North Country Catholic Subscriptions
- 652 Return of Loans from Deposit & Loan Fund (gross)
- 654 Other Extraordinary Receipts (specify)

CHARITABLE COLLECTIONS (662 TO 684):

- 662 Missionary Co-op Plan
 - 664 Missionary Projects of the Diocese of Ogdensburg
 - 666 Bishop's Fund
 - 667 Christmas/Priests' Retirement
 - 668 Prop. of the Faith – Mission Sunday
 - 670 Catholic Campaign for Human Development
 - 671 Religious Retirement
 - 672 Holy Father/Bishops' Overseas Aid
 - 673 Eastern and Central European Relief
 - 674 Operation Rice Bowl
 - 676 Good Friday (Sanctuaries in the Holy Land)
 - 677 Catholic Home Missions
 - 678 Catholic Charities
 - 680 Communications/Catholic University of America
 - 682 Respect Life
 - 684 Other (specify)
-
- 699 *Gross* Increase in Debt

ORDINARY EXPENDITURES (302 TO 570):

CHURCH AND RECTORY (ONLY) (302 TO 372):

- 302 Clergy and Religious Compensation
- 304 Clergy Transportation
- 306 Priests' Pension Fund
- 307 Pastoral Associates (FICA)
- 308 Clerical Office Salaries (gross)
- 310 Organist and Choir Salaries (gross)
- 312 Janitorial Salaries (gross)
- 316 Domestic Help Salaries (gross)
- 318 Employee Benefits
- 330 Utilities
- 332 Telephone
- 334 Ordinary Repairs
- 336 Insurance Premiums
- 338 Liturgical Expenses
- 340 Household & Maintenance Supplies Expenses
- 342 Table Expenses
- 344 Printing, Stationary, Office Supplies
- 360 Interest Expenses
- 361 Priest Retirement Assessment
- 362 Diocesan Assessment
- 363 Bequest Assessment
- 364 Mission, Novena, Special Services
- 365 Society Expenses
- 366 Bingo Expenses (other than prizes, etc.)
- 368 Social Events
- 370 Charitable Donations
- 372 Other Ordinary Expenses (specify)

CHRISTIAN FORMATION (380 TO 392):

- 380 Salaries
- 382 Employee Benefits
- 384 Purchased Services
- 386 Supplies
- 388 Capital Expenses
- 390 Programs
- 392 Expense to Other Parishes & Programs

CATHOLIC SCHOOL (INCLUDING PRE-K) (500 TO 580):

- 500 Administration
- 510 Instruction

-
- 520 Transportation
 - 530 Operation & Maintenance
 - 540 Cafeteria Expenses
 - 550 General
 - 560 Latchkey
 - 570 School Support
 - 580 Advancement Expenses

EXTRAORDINARY EXPENDITURES (702 TO 714):

- 702 Purchase of Property
- 704 New Buildings - Extensions
- 706 Extraordinary Repairs and Renovations
- 708 Equipment and Furnishings
- 710 Amounts Loaned to Deposit & Loan Fund (gross)
- 712 North Country Catholic Subscriptions
- 714 Other Extraordinary Expenditures (specify)

CHARITABLE COLLECTIONS (762 TO 784):

- 762 Mission Co-op Expense
- 764 Missionary Projects of the Diocese of Ogdensburg
- 766 Bishop's Fund
- 767 Christmas/Priests' Retirement
- 768 Prop. of the Faith – Mission Sunday
- 770 Catholic Campaign for Human Development
- 771 Religious Retirement
- 772 Holy Father/Bishops' Overseas Aid
- 773 Eastern and Central European Relief
- 774 Operation Rice Bowl
- 776 Good Friday (Sanctuaries in the Holy Land)
- 777 Catholic Home Missions
- 778 Catholic Charities
- 780 Communications/Catholic University of America
- 782 Respect Life
- 784 Other (specify)

- 799 *Gross* Decrease in Debt

MASS INTENTION RECEIPTS (852 TO 858):

- 852 Unannounced Mass Intentions
- 854 Announced Mass Intentions
- 858 Other

MASS INTENTION EXPENDITURES (952 TO 958):

952	Unannounced Masses Satisfied
954	Announced Masses Satisfied
956	Intentions Transferred
958	Other

CEMETERY RECEIPTS (802 TO 816):

802	Sale of Lots
804	Burials
806	Foundations
808	Annual Care
810	Income from Endowed Care Funds
812	Interest on Regular Cemetery Funds
814	Received for Endowed Care
816	Other

CEMETERY EXPENDITURES (902 TO 915):

902	Salaries
904	Employee Benefits
906	Insurance
908	Supplies and Repairs
910	Equipment
912	Transferred to Endowed Care Funds
914	Debt Repayment
915	Other

Note: *Examples of sub-accounts.

Modifying the Parish Chart of Accounts

The chart of accounts has been set up so that it can be used by large as well as small parishes. Small parishes may want to use the system without adding sub-accounts. As the size and complexity of parishes increase, the need for more detailed information increases. In addition, pastors and parish finance councils need additional information to fulfill their responsibilities. The numbering system can be expanded by adding a decimal point after the main 3-digit main account number (e.g. xxx.1). The xxx would correspond to the 3-digit main account. An example of this would be: 218.1 Flowers.

Chart of Accounts Description

ORDINARY RECEIPTS – REGULAR (202 TO 218)

This includes all basic recurring support of the parish in the form of the offerings of the people.

202 Envelopes (including Easter)

Sunday collections including Easter collection.

204 Plate Offerings (Sunday, Holyday)

All loose collections are deposited to this account.

206 Christmas Collection

Receipts from the Christmas Collection, regardless of when they are received.

Note: At the time of collection twenty-five percent (25%) is recorded to account 206 and seventy-five percent (75%) of the Christmas Collection is recorded to account 667 Christmas/Priests' Retirement. The seventy-five percent (75%) will be forwarded to the Diocese of Ogdensburg by expensing line 767 Christmas/Priests' Retirement Fund.

208 Fuel Collection

Total receipts from the Fuel Collection. All expenses for fuel should be recorded under expense account (330) Utilities.

210 Votive Candles

Total receipts from Candles. All expenses for candles should be recorded under expense account (338) Liturgical.

212 Stole Fees

Stole Fees (offerings) received for weddings, baptisms, and funerals belong to the parish and not to the priest.

214 School Collection

Total receipts from the School Collection. Support or school subsidy will be expensed to account (570) School Support/Subsidy.

216 Lenten Folders

Total receipts for Lenten Folders offerings.

218 Other Regular Receipts (specify)

All other recurring support of the parish in the form of the offerings of the people. These will need to be specified on the Parish Financial Report and a good way to keep track of these is to establish sub-accounts of (218) – for example: (218.1) “Flowers”, or (218.2) “Poor box”.

ORDINARY RECEIPTS – AUXILIARY – PARISH

(254 TO 264)

These receipts are ordinary in so far as they occur on a recurring basis, but they are distinct from the regular offerings of the parishioners.

254 Missions, Novenas and Special Services

Total receipts for Missions, Novenas and Special Services. Record expenses for Missions, Novenas and Special Services on line (364).

256 Societies

Total receipts received from the parish societies.

258 Interest and Dividends

Interest, dividends, royalties or any gain or profit that is earned by the parish accounts. Remember to include all interest amounts posted to the parish accounts (DLF, DTF and savings accounts) even if not withdrawn. The corresponding expense account for such interest or dividends earned is (710) Amounts Loaned to Deposit & Loan Fund. For excess cash accounts not invested with the Diocese of Ogdensburg, the amount will appear in the June 30, 20XX Balance on Hand on page three, line [28].

260 Parish Bingo and 262 Other Parish Fundraising – Including Bingo Concessions (net)

The amounts to be posted as part of the report for Bingo (260) and Other Parish Fundraising (262) are net amounts; that is, amounts after operating expenses such as Bingo prizes, cost of food, etc. Gross receipts and prize money are to be reported on the appropriate line. A good way to keep track of gross receipts and the associated expenses is to establish sub-accounts for each. These sub-accounts will roll up to the net figure for you automatically. For example: sub-accounts (260.1) Bingo Income and (260.2) Bingo Prizes, etc. will net out on (260). *Note: Bingo expenses such as equipment, tables, etc. are to be posted as Bingo Expenses (366) under Church and rectory expenditures on page three. If a parish has social events which are not fundraising in nature, expenses for them are posted on page three under Church and Rectory – Social Events (368).* For fund raising income and expenses, sub-accounts name should be edited to reflect the actual fund raising activity name. For example: sub-accounts (262.1) Car raffle income and (262.2) Car raffle expenses.

264 Other (specify)

Monies received for bulletin advertising should be included here.

**ORDINARY RECEIPTS – AUXILIARY – CHRISTIAN FORMATION
(282 TO 286)**

Catechetical receipts should be included here.

282 Registration Fees

Registration Fees received.

284 Income from other Parishes

Income received from other parishes.

286 Other Income (include fees)

Other income received for Christian Formation program. *Note: please specify.*

**ORDINARY RECEIPTS – AUXILIARY – SCHOOL
(401 TO 499)**

School receipts should be posted here. Be sure that each line item agrees with the figures reported on the School Financial Statement. Please note that School Collection is included under Ordinary Receipts – Regular (214).

401.0 Tuition

Parental Payments (Supporting, Non-supporting, and International payments), Tuition Assistance Program, Scholarships, and Adopt-A-Student receipts should be recorded here.

410.0 Catholic School Finance Sharing (CSFS)

Post here cost sharing from other parishes. *Note: the parish subsidy (formerly 425.0 now 499.0) made by a parish to its own parish school is not posted on the Parish Financial Report. This money has already been posted as receipts in other categories, and is not posted as a church expense when it is transferred to the parish school. Schools will use account 499.0 in order to balance their budgets.*

411.0 Government Reimbursements

Income received from the government for Mandated Services (state aid), CAP (state aid), and E-Rate.

413.0 Fees

Post here all fees charged by the school. Example: registration fees.

414.0 Books

Income received for books.

419.0 Interest

Interest, dividends, royalties or any gain or profit that is earned by the school accounts. Remember to include all interest amounts posted to the school accounts (DLF, DTF and savings accounts) even if not withdrawn. The corresponding expense account for such interest or dividends earned is (554.0) Amounts Loaned to Deposit & Loan Fund. For

excess cash accounts not invested with the Diocese of Ogdensburg, the amount will appear in the June 30, 20XX Balance on Hand on the school's Balance Sheet.

420.0 Other Income (specify, use sub-accounts)

All other school income that does not fall within the other account categories should be recorded here. These will need to be specified on the Parish Financial Report. *Note: use sub-accounts with a general description to keep track of each type of deposit.*

421.0 Student Activity Income

Total receipts received for bus trips, outings, sporting events, etc. *Note: use sub-accounts like: 421.1 Drama, 421.2 Golf, and etc. to help keep track of different events.*

422.0 Return of Loans from DLF

Account 422.0 is for the return of monies from the parish's investment in the Deposit & Loan Fund. Requests for withdrawals should be directed to the Diocesan Fiscal Office executed by an authorized signer of the account. The deposit/withdrawal form should be in writing, and should be signed by the pastor, or in case of a school the principal. Withdrawals from savings accounts and certificates of deposit (CD's) remain as part of Balance on Hand June 30, 20XX on the school's Balance Sheet.

440.0 Cafeteria Income

Total receipts received for school cafeteria sales including government subsidy.

460.0 Latch Key

Record receipts received for before and after school daycare.

480.0 Advancement Income

Record receipts received for the schools development.

499.0 Parish Subsidy

Record receipts received from parishes for subsidy.

EXTRAORDINARY RECEIPTS

(642 TO 654)

These are receipts that cannot be counted on to recur on a regular basis for support of the parish.

642 Financial Campaign (specify)

This account is to be used only for Financial Campaigns approved in advance by the Bishop. Revenues towards financial campaigns should be recorded here. Records should be maintained to allow a proper accounting at year-end to show that the restricted purpose has been met or that the funds are on hand or on deposit.

Parishes should account for types of restricted gifts separately so that they can keep track of the restricted amounts. A detailed file of all restricted gifts should be kept to provide support for the amounts reported on the annual financial report to the diocese.

643.1 Unrestricted Bequests

Revenues or proceeds from will bequests/estate distributions, trust distributions, charitable gift annuities, life insurance policies and similar gifts to parishes whose use is unrestricted by the donor are recorded here.

Note: Complete the Parish Bequest Form (posted on the diocesan Pastoral Documentation Site) in duplicate and forward one copy to the Chancery Office.

643.2 Restricted Bequests

Revenues or proceeds that are restricted by the donor (e.g. bequests left for Masses, or money that is restricted by the donor in such a way that the gift is not to be used for the general purposes of the parish) are recorded here.

Note: Complete the Parish Bequest Form (Pastoral Handbook IV.23a) in duplicate and forward one copy to the Chancery Office.

644 Donations

Revenues from gifts that are not part of a parish financial campaign approved in advance by the Bishop should be recorded here.

646 Income from Rented Property (specify)

Income from all property rentals, fees and charges for the use of parish facilities. Direct expenses related to the parish facilities should be classified to the expenses on page three of the Parish Financial Report.

647 Income From Room and Board (Priests or others in resident)

Income for housing should be recorded here.

648 Sale of Property and Investments (specify)

Proceeds from the sale of property or securities should be recorded here. The Chancellor of the diocese should be consulted when parish property is to be sold. Instructions for the sale of securities can be found on the Pastoral Documentation website.

650 North Country Catholic Subscriptions

Income for NCC subscriptions is recorded here.

Note: The NCC subscription payment should be posted as North Country Catholic Subscriptions expense account number 712.

652 Return of Loans from Deposit & Loan Fund

Account 652 is for the return of monies from the parish's investment in the Deposit & Loan Fund. Requests for withdrawals should be directed to the Diocesan Fiscal Office executed by an authorized signer of the account. The deposit/withdrawal form should be in writing, and should be signed by the pastor, or in case of a school the principal. School return of monies from the Deposit & Loan Fund should use account 422.0 and Mass and Cemetery

accounts should use their receipt accounts labeled “Other” for any return of Deposit & Loan Fund monies. *Note: Withdrawals from savings accounts and certificates of deposits remain as part of Balance on Hand June 30, 20XX, line [28].*

Please see Appendix H for more information.

654 Other Extraordinary Receipts (specify)

Other Extraordinary Receipts is income that your parish doesn’t expect to receive on a regular basis, like: insurance claim income, Bishop’s Fund grants, etc. Each type of receipt will need to be specified and a good way to keep track of these monies is to use sub-accounts.

**CHARITABLE COLLECTIONS
(662 TO 684)**

These receipts are from diocesan authorized special collections. Late in June check to make sure that all results of collections have been sent to the proper diocesan offices. (The funds deposited to these accounts should match the funds disbursed to the diocese from accounts 772 to 784.) Often parishes send in the first results but parishioners later turn in additional donations and these should be properly recorded and forwarded. All special collections proceeds should be transmitted to the proper office by 23rd of June.

699 Gross Increase in Debt

Monies borrowed from the Deposit & Loan Fund should be recorded here. Make sure what you list here reconciles with the Notes Payable statement on page six. The Episcopal Vicar of Administration should be contacted to discuss any loan requests.

**ORDINARY EXPENDITURES – CHURCH AND RECTORY ONLY
(302 TO 372)**

These accounts are for expenses for the church and rectory that occur on a regular basis.

302 Clergy and Religious Compensation

Compensation to priests and religious brothers and sisters officially assigned to the parish. In addition, priests that are not officially assigned to the parish for weekly or weekend help (either regular or occasional). Use sub accounts to segregate these expenses.

304 Clergy Transportation

Payments for transportation (sufficient accounting of business mileage needs to be submitted to the parish) to priests who are not assigned to the parish. Also, payments for assigned priests’ mileage that is over 750 miles per month should be recorded here.

306 Priests’ Pension Fund

307 to 316 Salaries for Employees subject to FICA taxes

Remember to record these salaries at Gross; that is, before any deductions are withheld. List all employees’ gross salaries in the accounts according to their job description. Include figures for bonuses paid during the year. Remember that bonuses paid to employees on

payroll are payroll items. Bonuses should be written as a separate payroll check and appropriate deductions (social security and Medicare taxes) are to be taken and compensation reporting completed as for other salary payments.

Note: When labor which is under contract with a legitimate contractor is involved, monies paid are included as part of the expenditure for extraordinary repairs and are not reported on these lines.

318 Employee Benefits

Include the employer's share of Social Security, Medicare, Lay Employee's Retirement Plan premiums, Unemployment Insurance, Disability Benefits Insurance, Worker's Compensation, Health Insurance premiums, etc.

Note: Do not include the amount of the employee's share of Social Security and Medicare that is deducted from the payroll check.

330 Utilities

Utilities include water, sewer, electricity, gas, waste disposal and cable services for TV and Internet. Parishes may wish to set up sub-accounts for each utility. Charges for telephone, cell phones and other dial-up telecommunications are charged to line (332) Telephone.

332 Telephone

Local and long distance telephone service charges as well as charges for telecommunications such as fax, pagers, cellular phone, phone cards and modem lines.

334 Ordinary Repairs

All church and rectory costs to repair and maintain buildings and their contents and grounds. Examples are the cost of repairs to electrical, heating/air conditioning systems and plumbing, as well as painting, carpentry and roof repairs. *Note: Items \$4,000.00 and over should be charged to line (706) Extraordinary Repairs and Renovations. Please see the Pastoral Handbook for diocesan guidelines on Church Interiors, Capital Expenditures and Sale of Property IV.18B, IV.19 and IV.21.*

336 Insurance Premiums

Include building insurance, liability, automobile premiums, etc. Do not include employee benefit insurance premiums listed above on line (318).

338 Liturgical Expenses

Include all supplies for the Liturgy such as hosts, sacramental wine, bulletins, missalettes, music supplies, hymnals, vestments, candles, church envelopes, flowers, etc.

340 Household & Maintenance Supplies Expenses

Include all supplies used by maintenance personnel.

342 Table Expenses

All expenses for rectory food should be reflected here.

344 Printing, Stationary, Office Supplies

Charges relating to the office and administration of the parish. This would include the cost of stationary, printing, computer supplies, as well as miscellaneous office supplies used in the daily operation of the parish. Service contracts on equipment such as computers, copiers and telephones would also come under this account.

360 Interest Expenses

Interest paid to the Diocesan Loan Account on indebtedness of the parish.

361 Priest Retirement Assessment

Priest Retirement Assessment that is paid to the Diocese of Ogdensburg.

362 Diocesan Assessment

Assessment paid to the Diocese of Ogdensburg.

363 Bequest Assessment

Bequest assessment paid to the Diocese of Ogdensburg. This amount should be 8.5% of line (643.1) Unrestricted Bequests and the check should be submitted with the *Revised Parish Bequest Form*.

364 Mission, Novena, Special Services

Record all parish mission expenses here.

365 Society Expenses

All expenses for any parish societies should be reflected here. Use sub-accounts for each society. (i.e. Altar and Rosary Society)

366 Bingo Expenses (other than prizes, etc.)

Please note that prizes are netted out on page two under Parish Bingo Receipts, line (260). This category on page three is for other bingo expenses, such as cards, equipment, etc.

368 Social Events

Parishes typically have social events which are not fundraising in nature as a familiar part of parish life. The expense of such events should be recorded here. The expenses of fundraising social events are netted out on page two under Other Parish Fund Raising line (262).

370 Charitable Donations

Gifts made by the parish to other organizations or to needy individuals. Just as the diocese provides financial help through the Bishop's Good Samaritan Fund, parishes are encouraged to be generous toward local people in need. *Note: Bonuses and other gifts for employees should be considered as payroll expenses and are not recorded here.*

ORDINARY EXPENDITURES – CHRISTIAN FORMATION

(380 TO 392)

Direct charges for Religious Education program expense, such as School of Religion, Youth programs, etc.

**ORDINARY EXPENDITURES – CATHOLIC SCHOOL: INCLUDING
PRE-K**

(500 TO 580)

Administration, Instruction, Transportation, Operation and Maintenance, School Cafeteria, General (including school convent), Latch Key, and Advancement totals should agree with the total column of the School Financial Statement.

570 School Support and/or Subsidy to other schools

Subsidy payments as well as any other assistance given directly to the school(s) are shown here.

EXTRAORDINARY EXPENDITURES

(702 TO 714)

These are expenditures which do not annually occur on a regular or ordinary basis.

702 Purchase of Property

Record all purchases of real property (land, buildings, and contents) here.

704 New Buildings - Extensions

Record all construction of new buildings here.

706 Extraordinary Repairs and Renovations

Record all major improvements (\$4,000.00 and above) including modifying the use of a building, extending the life of a building, or in response to damages that are covered by insurance claims.

708 Equipment and Furnishings

All equipment and furnishings purchases should be recorded here.

710 Amounts Loaned to Deposit & Loan Fund (gross)

Account 710 is used to transfer parish monies to the Deposit & Loan Fund. These deposits to the Deposit & Loan Fund should be directed to the Diocesan Fiscal Office. The deposit/withdrawal form is completed in writing and should be signed by the pastor. Monies deposited for the School to the Deposit & Loan Fund should use line (554.0) Amounts Loaned to DLF. The Mass Stipend and Cemetery accounts should use their expense accounts labeled "Other" for any transfer of monies to the Deposit & Loan Fund. *Note: Monies transferred to bank savings accounts and certificates of deposits will remain as part of Balance on Hand – June 30, 20XX, line [28].*

712 North Country Catholic Subscriptions

Record here all transfers of NCC subscription payments to the Diocese of Ogdensburg.

714 Other Extraordinary Expenditures (specify)

Other Extraordinary Expenditures are expenses that your parish doesn't expect to have on a regular basis, like: cost of professional services including legal, accounting, computer, and fund raising. Also, expenses associated with parish property rented to others (646) and (647). As like all the rest of the "Other" accounts the parish may wish to use sub-accounts to provide more detailed information on expenses in these accounts.

**CHARITABLE COLLECTIONS
(762 TO 784)**

These expenses are for diocesan authorized special collections. Late in June check to make sure that all results of collections have been sent to the proper diocesan offices (the funds expensed to these accounts should match the funds receipted to the accounts 662-684). Often parishes send in their first results but parishioners later turn in additional donations and these should be properly recorded and forwarded. All special collections proceeds should be transmitted to the proper office by the 23rd of June.

799 Gross Decrease in Debt

Statements for loans are mailed to parishes each quarter and the amount of principal payment should be recorded here. The interest amount should be recorded on line (360) Interest Expenses.

**MASS INTENTION RECEIPTS
(852 TO 858)**

852 Unannounced Mass Intentions
Record here all unannounced Mass intentions.

854 Announced Mass Intentions
Record here all announced Mass intentions.

858 Other
All other income received for the mass account, like: bank interest, DLF withdrawals, DLF interest income and trust fund dividends. *Note: Excess interest/dividends income, if not utilized toward Mass stipends should be sent, by way of Mass expense line (958) Other, to the parish account and deposited to line (258). Also, record income from the parish to cover bank fees charged to the Mass account, etc.*

MASS INTENTION EXPENDITURES (952 TO 958)

952 Unannounced Masses Satisfied
Record here all unannounced Masses that are satisfied.

954 Announced Masses Satisfied
Record here all announced Masses that are satisfied.

956 Intentions Transferred
Record here all intentions that are transferred to the Diocesan Mission Office, retired priests, or transferred to other parishes.

958 Other
Record all other expenses for the Mass account, like: bank fees, transfers to the DLF, Mass account supplies, etc. *Note: Additional expenses should be refunded by the parish account, so that the Mass Fund reconciles with the outstanding Masses to be satisfied.*

CEMETERY RECEIPTS (802 TO 816)

802 Sale of Lots
Record here all sales of lots. Remember to record the amount received for Endowed Care separately, on line (814).

804 Burials

Record here all income for burials.

806 Foundations

Record here all income for foundations.

808 Annual Care

Record here all income for annual care.

810 Income from Endowed Care Funds

Record here all dividend checks received from NBT and any other Endowed Care investment income. Note all other interest income is recorded on line (812).

812 Interest on Regular Cemetery Funds

Record here all interest, dividends, or any gain or profit that is earned by the cemetery accounts, except Endowed Care dividends. These are recorded on line (810).

814 Received for Endowed Care

Record here all receipts received for Endowed Care. Do not record this income under line (802) Sale of Lots. *Note: The amount received for Endowed Care should be transferred to NBT bank by the end of June by way of line item (912) Transferred to Endowed Care Funds.*

816 Other

Record here all other income received by the cemetery account, like: Deposit & Loan Fund withdrawals, donations to the cemetery, etc. Use sub-accounts to segregate the different types of receipts.

**CEMETERY EXPENDITURES
(902 TO 915)**

902 Salaries

Remember to record salaries at Gross; that is, before any deductions are withheld. Include figures for bonuses paid during the year. Remember that bonuses paid to employees on payroll are payroll items. Bonuses should be written as separate payroll checks. Appropriate deductions (social security and Medicare taxes) are to be taken and compensation reporting completed as for other salary payments.

Note: When labor which is under contract with legitimate contractors is involved, monies paid are included as part of the invoice and should be recorded on line item (915) Other and are not recorded here.

904 Employee Benefits

Include the employer's share of Social Security, Medicare, Lay Employee's Retirement Plan premiums, Unemployment Insurance, Disability Benefits Insurance, Worker's Compensation, Health Insurance premiums, etc.

Note: Do not include the amount of the employee's share of Social Security and Medicare that is deducted from the payroll check.

906 Insurance

Include all cemetery items, like building insurance, liability, automobile premiums, etc. Do not include employee benefit insurance premiums listed above on line (904).

908 Supplies and Repairs

All cemetery costs to repair and maintain buildings and their contents and grounds. This would also include the cost of stationary, printing, computer supplies as well as miscellaneous cemetery office supplies.

910 Equipment

All equipment purchases for use in the cemetery should be recorded here.

912 Transferred to Endowed Care Funds

Record here all transfers of Endowed Care Funds to NBT Bank. Note that the amount transferred should equal the amount received for Endowed Care line (814). Late in June check to make sure that all monies received for Endowed Care have been sent to NBT Bank. All Endowed Care Funds should be transferred to NBT Bank by the 23rd of June.

914 Debt Repayment

Diocesan statements for loans are mailed to parishes/cemeteries each quarter and the amount of principal payment should be recorded here. The interest amount should be recorded on line (915) Other.

915 Other

Unique cemetery expenses that fall outside the scope of specific expense accounts, like: Contract work for grave digging and lawn care, deposits to the Deposit & Loan Fund, etc. Use sub-accounts to segregate the different types of expenses.

APPENDIX E-1 – School Chart of Accounts and Account Description

CATHOLIC SCHOOL INCOME (INCLUDING PRE-K) (401 TO 499):

- 400 CATHOLIC SCHOOL INCOME
 - 401.0 Tuition
 - 401.1 Parental Payments
 - 401.10 Supporting Parent Payments
 - 401.11 Non-supporting Payments
 - 401.12 International Payments
 - 401.2 Tuition Assistance Program
 - 401.3 Other Scholarship Income
 - 401.4 Adopt-a-Student
 - 410.0 Catholic School Finance Sharing (CSFS)
 - 411.0 Government Reimbursements
 - 411.1 Mandated Services
 - 411.2 CAP
 - 411.3 E-Rate
 - 413.0 Fees
 - 414.0 Books
 - 419.0 Interest
 - 420.0 Other Income (specify, use sub-accounts)
 - 421.0 Student Activity Income
 - 422.0 Return of Loans from DLF
 - 440.0 Cafeteria Income
 - 440.1 Sales
 - 440.11 Lunch/Breakfast Sales
 - 440.12 Other Cafeteria Sales
 - 440.99 Adult Lunches
 - 440.2 Subsidy
 - 460.0 Latch Key
 - 480.0 Advancement Income
 - 480.1 Annual Fund
 - 480.2 Donations
 - 480.3 Bequests
 - 480.4 Grants
 - 480.9 Advancement Fundraising (net)
 - 480.091 School \$10,000 Cash Raffle Income*
 - 480.092 School \$10,000 Cash Raffle Expenses*
 - 480.093 School Bingo Income*
 - 480.094 School Bingo Expenses*
- 499.0 Parish Subsidy

CATHOLIC SCHOOL EXPENDITURES (INCLUDING PRE-K) (500 TO 580):

- 500 Administration
 - 501.0 Salaries (gross)
 - 501.1 Principal (gross)
 - 501.2 Vice Principal (gross)
 - 501.3 Secretary (gross)
 - 501.4 Bookkeeper (gross)
 - 501.5 IT Support (gross)
 - 501.6 Guidance Counselor (gross)
 - 501.7 International Student Director (gross)
 - 501.8 Executive System Administrator (gross)
 - 502.0 Benefits
 - 502.1 F.I.C.A.
 - 502.2 Medicare
 - 502.3 Health Insurance
 - 502.4 Disability
 - 502.5 Unemployment Insurance
 - 502.6 Retirement
 - 502.7 Workers' Compensation
 - 503.0 Supplies
 - 504.0 Telecommunications
 - 505.0 Memberships
 - 509.0 Other (specify, use sub-accounts)

- 510 Instruction
 - 511.0 Salaries (gross)
 - 511.1 Teachers (gross)
 - 511.2 Aides (gross)
 - 511.3 Substitutes (gross)
 - 512.0 Benefits
 - 512.1 F.I.C.A.
 - 512.2 Medicare
 - 512.3 Health Insurance
 - 512.4 Disability
 - 512.5 Unemployment Insurance
 - 512.6 Retirement
 - 512.7 Workers' Compensation
 - 513.0 Supplies
 - 514.0 Technology
 - 515.0 Textbooks
 - 516.0 Professional Development
 - 517.0 Purchased Services
 - 518.0 Library
 - 519.0 Other (specify, use sub-accounts)

- 520 Transportation

-
- 521.0 Salaries (gross)
 - 522.0 Benefits
 - 522.1 F.I.C.A.
 - 522.2 Medicare
 - 522.3 Health Insurance
 - 522.4 Disability
 - 522.5 Unemployment Insurance
 - 522.6 Retirement
 - 522.7 Workers' Compensation
 - 523.0 Supplies
 - 524.0 Motor Vehicle Insurance
 - 525.0 Bus Hire
 - 527.0 Purchased Services
 - 529.0 Other (specify, use sub-accounts)
- 530 Operation & Maintenance
- 531.0 Salaries (gross)
 - 532.0 Benefits
 - 532.1 F.I.C.A.
 - 532.2 Medicare
 - 532.3 Health Insurance
 - 532.4 Disability
 - 532.5 Unemployment Insurance
 - 532.6 Retirement
 - 532.7 Workers' Compensation
 - 533.0 Supplies
 - 534.0 Insurance
 - 535.0 Utilities
 - 536.0 Repairs
 - 537.0 Purchased Services
 - 539.0 Other (specify, use sub-accounts)
- 540 Cafeteria Expenses
- 541.0 Salaries (gross)
 - 542.0 Benefits
 - 542.1 F.I.C.A.
 - 542.2 Medicare
 - 542.3 Health Insurance
 - 542.4 Disability
 - 542.5 Unemployment Insurance
 - 542.6 Retirement
 - 542.7 Workers' Compensation
 - 543.0 Supplies
 - 544.0 Food and Beverages
 - 545.0 Utilities
 - 547.0 Purchased Services
 - 549.0 Other (specify, use sub-accounts)

-
- 550 General
 - 551.0 Faculty Residence (Housing)
 - 552.0 Auto Expenses
 - 553.0 Student Activities/Athletics
 - 553.1 Drama*
 - 553.2 Golf*
 - 553.3 Football*
 - 553.4 Baseball*
 - 554.0 Amounts Loaned to DLF
 - 555.0 Capital Expenses
 - 556.0 Other (specify, use sub-accounts)

 - 560 Latchkey
 - 561.0 Salaries (gross)
 - 562.0 Benefits
 - 562.1 F.I.C.A.
 - 562.2 Medicare
 - 562.3 Health Insurance
 - 562.4 Disability
 - 562.5 Unemployment Insurance
 - 562.6 Retirement
 - 562.7 Workers' Compensation
 - 563.0 Supplies

 - 570 School Support
 - 580 Advancement Expenses
 - 581.0 Salaries (gross)
 - 581.1 Advancement Director (gross)
 - 581.2 Secretary (gross)
 - 582.0 Benefits
 - 582.1 F.I.C.A.
 - 582.2 Medicare
 - 582.3 Health Insurance
 - 582.4 Disability
 - 582.5 Unemployment Insurance
 - 582.6 Retirement
 - 582.7 Workers' Compensation
 - 583.0 Supplies
 - 584.0 Advertising
 - 585.0 Postage
 - 586.0 Telecommunications
 - 587.0 Travel Expenses
 - 589.0 Other (specify, use sub-accounts)

Note: *Examples of sub-accounts.

Modifying the School Chart of Accounts

The chart of accounts has been set up so that it can be used by large as well as small schools. Small schools may want to use the system without adding sub-accounts. As the size and complexity of the school increases, the need for more detailed information increases. In addition, pastors/principals and school finance councils need additional information to fulfill their responsibilities. The numbering system can be expanded by adding a decimal point after the main 3-digit main account number (e.g. xxx.1). The xxx would correspond to the 3-digit main account. An example of this would be: 480.091 School \$10,000 Cash Raffle Income

SCHOOL CHART OF ACCOUNTS DESCRIPTION

SCHOOL RECEIPTS (400 TO 499)

400 Catholic School Income

Note: no accounting transactions are recorded to this account. It is strictly used for totaling the school income accounts. All school income accounts will be a sub-account of 400, but school income account number 499.0 Parish Subsidy.

401.0 Tuition

This account is used for totaling Parental Payments 401.1 (Supporting, Non-supporting, and International payments), Tuition Assistance Program 401.2, Scholarships 401.3, and Adopt-A-Student receipts 401.4 and no accounting transactions are recorded here.

401.1 Parental Payments

Parental Payments will have the following sub-accounts: 401.10 Supporting, 401.11 Non-supporting and 401.12 International payments and no accounting transactions will be coded directly to 401.1 Parental Payments.

401.10 Supporting Parent Payments

Record tuition payments that are from supporting parents here. *Note: the school must obtain the approval from the parish pastor each school year that the parent is a supporting parent.*

401.11 Non-supporting Payments

Record tuition payments that are from non-supporting parents here.

401.12 International Payments

Record tuition payments that are from international agencies for international students here.

410.0 Catholic School Finance Sharing (CSFS)

Post here payments from the diocese for cost sharing from other parishes. *Note: schools will use account 499.0 Parish Subsidy (formerly 425.0) to balance their budgets.*

411.0 Government Reimbursements

Government Reimbursements will have the following sub-accounts: 411.1 Mandated Services, 411.2 CAP, and 411.3 E-Rate and no accounting transactions will be coded directly to 411.0 Government Reimbursements.

411.1 Mandated Services

Income received from the government for Mandated Services (state aid) is recorded here. *Note: Sub-account of 411.0*

411.2 CAP

Income received from the government for CAP (state aid) is recorded here.

Note: Sub-account of 411.0

411.3 E-Rate

Income received from the government for E-Rate is recorded here. *Note: Sub-account of 411.0*

413.0 Fees

Post here all fees charged by the school. Example: registration fees.

414.0 Books

Income directly received for books.

419.0 Interest

Interest, dividends, royalties or any gain or profit that is earned by the school accounts. Remember to include all interest amounts posted to the school accounts (DLF, DTF and savings accounts) even if not withdrawn. The corresponding expense account for such interest or dividends earned is (554.0) Amounts Loaned to Deposit & Loan Fund. For excess cash accounts not invested with the Diocese of Ogdensburg, the amount will appear in the June 30, 20XX Balance on Hand on the school's Balance Sheet.

420.0 Other Income (use sub-accounts to specify)

All other school income that does not fall within the other account categories should be recorded here. These will need to be specified on the Parish Financial Report. *Note: use sub-accounts with a general description to keep track of each type of deposit.*

421.0 Student Activity Income

Total receipts received for bus trips, outings, sporting events, etc. *Note: use sub-accounts example: 421.1 Drama income, 421.2 Golf, to help keep track of different events.*

422.0 Return of Loans from DLF

Account 422.0 is for the return of monies from the school's investment in the Deposit & Loan Fund. Requests for withdrawals should be directed to the Diocesan Fiscal Office executed by an authorized signer of the account. The deposit/withdrawal form should be in writing, and should be signed by the pastor, or in case of a school the principal. Withdrawals from savings accounts and certificates of deposit (CD's) remain as part of Balance on Hand June 30, 20XX on the school's Balance Sheet.

440.0 Cafeteria Income

Total receipts received for school cafeteria sales (accounts 440.11, 440.12, and 440.99) including government subsidy (account 440.2).

440.11 Lunch/Breakfast Sales

Record cafeteria receipts received for lunch and breakfast sales. *Note: 440.11 is a sub-account of 440.1*

440.12 Other Cafeteria Sales

Record cafeteria receipts received other than lunch and breakfast sales, adult lunches and government subsidy. *Note: 440.12 is a sub-account of 440.1*

440.99 Adult Lunches

Record cafeteria receipts received for adult lunch sales. *Note: 440.99 is a sub-account of 440.1*

440.2 Subsidy

Record cafeteria receipts received for government subsidy. *Note: 440.2 is a sub-account of 440.0*

460.0 Latch Key

Record receipts received for before and after school daycare.

480.0 Advancement Income

Record receipts received for the school's development. *Note: 480.0 will have sub-accounts 480.1 to 480.9*

480.1 Annual Fund

Record receipts received for the school's annual fund drive.

480.2 Donations 480.3 Bequests

Gifts to the school are recorded as Donations (480.2). All funds received from estates for the school should be recorded in Bequests (480.3). Receipts of stocks, bonds or real property (that are given in the name of the school) come about as a donation or bequest and should be recorded as such. The policy of the diocese remains that all such assets are to be sold when they are received, and the proceeds used for the appropriate purposes. Please consult the Diocesan Department of Education if any questions arise. In most cases, these investments are promptly sold and the proceeds then recorded under Donations (480.2) and/or Bequests (480.3).

480.4 Grants

Record all grant receipts received for the school here.

480.9 Advancement Fundraising (net)

The amounts to be posted as part of the report for Fundraising which will include Bingo are net amounts; that is, amounts after operating expenses such as Bingo prizes, cost of food, etc. Gross receipts (income) and prize money (expenses) are to be reported on the appropriate subaccount. A good way to keep track of gross receipts and associated expenses is to establish sub-accounts. For example: sub-accounts (480.093 Bingo Income) and (480.094 Bingo Expenses and Prizes, etc.) will net out on account (480.9 Advancement Fundraising (net)). *Note: do not record transactions directly to account 480.9 since it is used for totaling fundraising activity.*

499.0 Parish Subsidy

Post here payments received directly from parishes for subsidy. *Note: schools will use account 499.0 Parish Subsidy (formerly 425.0) to balance their budgets.*

SCHOOL EXPENDITURES : INCLUDING PRE-K (500 TO 580)

Administration, Instruction, Transportation, Operation and Maintenance, School Cafeteria, General (including school convent), Latch Key, and Advancement totals should agree with the total column of the School Financial Statement.

500 Administration

This account is used for totaling and should have sub accounts 501.0 Salaries to 509.0 Other. *Note: do not record transactions directly to account 500 since it is used for totaling Administration expenses only.*

501.0 Salaries (gross)

This account is used for totaling and should have sub accounts 501.1 Principal (gross) to 501.8 Executive System Administrator (gross). *Note: do not record transactions directly to account 501.0 since it is used for totaling Administration salaries expenses only. Remember to record these salaries at Gross; that is, before any deductions are withheld. List all lay employees' gross salaries in the accounts according to their job description. Include figures for bonuses paid during the year. Remember that bonuses paid to employees on payroll are separate payroll items in QuickBooks Pro software. Bonuses should be written as a separate payroll check and appropriate deductions (social security and Medicare taxes) are to be taken and compensation reporting completed as for other salary payments. In addition, if bonuses paid is religious the check should be made payable to the community and the memo on the check should reference the religious brother or sister's name and bonus.*

501.1 Principal (gross)

Compensation paid to the school's principal is recorded here.

501.2 Vice Principal (gross)

Compensation paid to the school's vice principal is recorded here.

501.3 Secretary (gross)

Compensation paid to the school's secretary is recorded here.

501.4 Bookkeeper (gross)

Compensation paid to the school's bookkeeper is recorded here. *Note: When labor which is under contract with a contractor like a CPA firm to do the school's accounting and/or payroll, monies paid are included as part of the expenditure under 509.0 as a sub-account and is not reported under 501.4 Bookkeeper. Suggested sub-account name: "509.x Accounting Fees".*

501.5 IT Support (gross)

Compensation paid to the school's IT Support is recorded here. *Note: When labor which is under contract with a contractor like a computer business to do the school's Tech Support, monies paid are included as part of the expenditure under 509.0 as a sub-account*

and is not reported under 501.5 IT Support. Suggested sub-account name: “509.x Technical Support Fees”.

501.6 Guidance Counselor (gross)

Compensation paid to the school’s guidance counselor is recorded here. *Note: for high school use only.*

501.7 International Student Director (gross)

Compensation paid to the school’s international student director is recorded here. *Note: for high school use only.*

501.8 Executive System Administrator (gross)

Compensation paid to the school’s executive system administrator is recorded here. *Note: for IHC in Watertown use only.*

502.0 Benefits

Include the sub-accounts for employer’s share of Social Security 502.1, Medicare 502.2, Health Insurance premiums 502.3, Disability Benefits Insurance 502.4, Unemployment Insurance 502.5, Lay Employee’s Retirement Plan premiums 502.6, Worker’s Compensation 502.7, etc.

Note: Do not include the amount of the employee’s share of Social Security and Medicare that is deducted from the payroll check.

503.0 Supplies

Charges relating to the office and administration of the school. This would include the cost of stationary, printing, computer supplies, as well as miscellaneous office supplies used in the daily operation of the school. Service contracts on equipment such as computers, copiers and telephones are not included here, but are coded under account number 517.0 – Purchased Services.

504.0 Telecommunications

Local and long distance telephone service charges as well as charges for telecommunications such as fax, pagers, wireless phone service, phone cards and Internet services. *Note: If the school replaces the phone equipment, then that expense would be recorded under 555.0 - Capital Expenses since it is an improvement to the building.*

505.0 Memberships

Charges relating to memberships for the school should be recorded here.

509.0 Other (specify, use sub-accounts)

Other administrative charges that your school has that don’t fit in the above accounts, like: accounting fees, legal fees, etc. Each type of expense will need to be specified and a good way to keep track of these monies is to use sub-accounts.

510 Instruction

This account is used for totaling and should have sub accounts 511.0 Salaries to 519.0 Other. *Note: do not record transactions directly to account 510 since it is used for totaling Instruction expenses only.*

511.0 Salaries (gross)

This account is used for totaling and should have sub accounts 511.1 Teachers (gross) to 511.3 Substitutes (gross). *Note: do not record transactions directly to account 511.0 since it is used for totaling Instruction salaries expenses only.*

511.1 Teachers (gross)

Compensation paid to the school's teachers is recorded here. *(sub-account of 511.0)*

511.2 Aides (gross)

Compensation paid to the school's teaching aides is recorded here. *(sub-account of 511.0)*

511.3 Substitutes (gross)

Compensation paid to the school's substitutes is recorded here. *(sub-account of 511.0)*

512.0 Benefits

Include the sub-accounts for employer's share of Social Security 512.1, Medicare 512.2, Health Insurance premiums 512.3, Disability Benefits Insurance 512.4, Unemployment Insurance 512.5, Lay Employee's Retirement Plan premiums 512.6, Worker's Compensation 512.7, etc.

Note: Do not include the amount of the employee's share of Social Security and Medicare that is deducted from the payroll check.

513.0 Supplies

Charges relating to the instruction of a specific class or classes. This would include the cost of stationary, printing, computer supplies, crayons, as well as miscellaneous office supplies used in the daily operation of a class.

514.0 Technology

Charges relating to computer hardware or software and other tools used in a specific class or classes.

515.0 Textbooks

Record all purchases of textbooks here.

516.0 Professional Development

Record all learning opportunities, conferences events and seminars cost here. Also, include course materials, travel and meals expenses associated with these events.

517.0 Purchased Services

Record all purchases of state testing fees and associated costs. This would include curriculum consultants that are not on the schools payroll, expenditures for premiums paid

by the school for student accident insurance, and record payments to other schools or institutions that provide educational services to the school here. Service contracts on equipment such as computers, copiers and telephones would also come under this account.

518.0 Library

Record all cost associated with the library here. *Note: do not record salaries for librarians here, but code them to 511.1 - Teachers.*

519.0 Other (specify, use sub-accounts)

Other instructional charges that your school has that don't fit in the above accounts for instruction. Each type of expense will need to be specified and a good way to keep track of these monies is to use sub-accounts.

520 Transportation

This account is used for totaling and should have sub accounts 521.0 Salaries to 529.0 Other. *Note: do not record transactions directly to account 520 since it is used for totaling Transportation expenses only.*

521.0 Salaries (gross)

Compensation paid to the school's bus drivers and mechanics are recorded here.

522.0 Benefits

Include the sub-accounts for employer's share of Social Security 522.1, Medicare 522.2, Health Insurance premiums 522.3, Disability Benefits Insurance 522.4, Unemployment Insurance 522.5, Lay Employee's Retirement Plan premiums 522.6, Worker's Compensation 522.7, etc.

Note: Do not include the amount of the employee's share of Social Security and Medicare that is deducted from the payroll check.

523.0 Supplies

Record all purchases of gasoline, oil, parts and supplies for the school's vehicles here.

524.0 Motor Vehicle Insurance

Record all premium payments to insure the school owned vehicles here.

525.0 Bus Hire

Record all payments to persons or agencies relating to the transporting of children to and from school (school bus routes under private contract). Also, expenses for field trips, travel to student activities and athletic events should also be coded here. *Note: the school purchase of gasoline, oil, parts and supplies for the vehicles should be charged to account number 523.0 - Supplies above.*

527.0 Purchased Services

Record all expenditures paid to drivers or medical associations for DOT physical exams.

529.0 Other (specify, use sub-accounts)

Other transportation charges that your school has that don't fit in the above accounts for transportation. Each type of expense will need to be specified and a good way to keep track of these monies is to use sub-accounts.

530 Operation & Maintenance

This account is used for totaling and should have sub accounts 531.0 Salaries to 539.0 Other. *Note: do not record transactions directly to account 530 since it is used for totaling Operation & Maintenance expenses only.*

531.0 Salaries (gross)

Compensation paid to the school's maintenance employees are recorded here.

532.0 Benefits

Include the sub-accounts for employer's share of Social Security 532.1, Medicare 532.2, Health Insurance premiums 532.3, Disability Benefits Insurance 532.4, Unemployment Insurance 532.5, Lay Employee's Retirement Plan premiums 532.6, Worker's Compensation 532.7, etc.

Note: Do not include the amount of the employee's share of Social Security and Medicare that is deducted from the payroll check.

533.0 Supplies

Record all purchases of maintenance supplies and tools for the school's buildings here.

534.0 Insurance

Record expenditures for insurance premiums to insure the school against loss or damage of school facilities and equipment, theft of equipment and losses due fire, etc.

535.0 Utilities

Record expenditures for utilities (gas and electric bills), fuel, etc. here. *Note: code the Cafeteria share of the utilities to account number 545 – Utilities.*

536.0 Repairs

All school costs to repair and maintain buildings and their contents and grounds that are performed by school maintenance personnel. Examples are the cost of repairs to electrical, heating/air conditioning systems and plumbing, as well as painting, carpentry and roof repairs. *Note: Items \$4,000.00 and over should be charged to account number 555.0 - Capital Expenses. Please see the Diocese of Ogdensburg Parish Financial Manual for diocesan guidelines on Capital Projects, Construction Policies and Procedures chapter 308.*

537.0 Purchased Services

Record all expenditures for repairs and maintenance service contracts not provided directly by school personnel. This includes contracts for landscape, buildings, and equipment, for example snowplowing and sanding, waste removal, electrical, plumbing, etc. Cost of new

construction, renovating and remodeling are not included here, but are coded under account number 555.0 - Capital Expenses.

539.0 Other (specify, use sub-accounts)

Other operation & maintenance charges that your school has that don't fit in the above accounts. Each type of expense will need to be specified and a good way to keep track of these monies is to use sub-accounts.

540 Cafeteria Expenses

This account is used for totaling and should have sub accounts 541.0 Salaries to 549.0 Other. *Note: do not record transactions directly to account 540 since it is used for totaling Cafeteria expenses only.*

541.0 Salaries (gross)

Compensation paid to the school's cafeteria employees are recorded here.

542.0 Benefits

Include the sub-accounts for employer's share of Social Security 542.1, Medicare 542.2, Health Insurance premiums 542.3, Disability Benefits Insurance 542.4, Unemployment Insurance 542.5, Lay Employee's Retirement Plan premiums 542.6, Worker's Compensation 542.7, etc.

Note: Do not include the amount of the employee's share of Social Security and Medicare that is deducted from the payroll check.

543.0 Supplies

Record all purchases of cafeteria supplies here.

544.0 Food and Beverages

Record expenditures for food and beverages here.

545.0 Utilities

Record the cafeteria share of expenditures for utilities (gas and electric bills), fuel, etc. here.

547.0 Purchased Services

Record all purchases of catering and food preparation not provided by school cafeteria personnel.

549.0 Other (specify, use sub-accounts)

Other cafeteria charges that your school has that don't fit in the above accounts. Each type of expense will need to be specified and a good way to keep track of these monies is to use sub-accounts.

550 General

This account is used for totaling and should have sub accounts 551.0 Faculty Residence (Housing) to 556.0 Other. *Note: do not record transactions directly to account 550 since it is used for totaling General expenses only.*

551.0 Faculty Residence (Housing)

Record expenditures for the school's religious brothers and sisters housing cost (mortgage, rent, etc.) here.

552.0 Auto Expenses

Record all purchases of gasoline, oil, parts and supplies for the school's religious brothers and sisters vehicles here. Cost of new vehicles are not included here, but are coded under account number 555.0 - Capital Expenses.

553.0 Student Activities/Athletics

This account is used for totaling student activities and/or athletic events and should include sub accounts for each type of event, for example 553.1 Drama expenses, 553.2 Golf Team expenses. *Note: do not record transactions directly to account 553.0 since it is used for totaling the expenses only.*

554.0 Amounts Loaned to DLF

Account 554.0 is used to transfer school monies to the Deposit & Loan Fund. These deposits to the Deposit & Loan Fund should be directed to the Diocesan Fiscal Office and mailed to: Diocese of Ogdensburg, PO Box 106, Canajoharie, NY 13317. The deposit/withdrawal form is completed in writing and should be signed by the pastor and or principal. *Note: Monies transferred to bank savings accounts and certificates of deposits will remain as part of the schools Balance on Hand – June 30, 20XX. For more information on the Deposit & Loan Fund please see the Diocese of Ogdensburg Parish Financial Manual for diocesan guidelines on Diocesan Investment Programs chapter 303.*

555.0 Capital Expenses

Record all cost of new construction, renovating and remodeling here. *Note: approval must be granted by the Chancellor before any capital expenses are started by the school. Please see the Diocese of Ogdensburg Parish Financial Manual for diocesan guidelines on Capital Projects, Construction Policies and Procedures chapter 308.*

556.0 Other (specify, use sub-accounts)

Other general charges that your school has that don't fit in the above accounts. Each type of expense will need to be specified and a good way to keep track of these monies is to use sub-accounts.

560 Latchkey

This account is used for totaling and should have sub accounts 561.0 Salaries to 563.0 Supplies. *Note: do not record transactions directly to account 560 since it is used for totaling Latchkey expenses only.*

561.0 Salaries (gross)

Compensation paid to the school's latchkey employees are recorded here. *Note: some of the latchkey employees will also work as teachers, substitutes, and aides, but that portion of their salaries must be recorded under Instruction.*

562.0 Benefits

Include the sub-accounts for employer's share of Social Security 562.1, Medicare 562.2, Health Insurance premiums 562.3, Disability Benefits Insurance 562.4, Unemployment Insurance 562.5, Lay Employee's Retirement Plan premiums 562.6, Worker's Compensation 562.7, etc.

Note: Do not include the amount of the employee's share of Social Security and Medicare that is deducted from the payroll check.

563.0 Supplies

Record all purchases of latchkey supplies here.

570 School Support and/or Subsidy to other schools

This school account is used by the parishes for subsidy payments as well as any other assistance given directly to the school(s) are shown here. The school will not use this account on their financial reports.

580 Advancement Expenses

This account is used for totaling and should have sub accounts 581.0 Salaries to 589.0 Other. *Note: do not record transactions directly to account 580 since it is used for totaling Advancement expenses only.*

581.0 Salaries (gross)

Compensation paid to the school's advancement employees are recorded here.

581.1 Advancement Director (gross)

Compensation paid to the school's advancement director are recorded here. (sub-account of 581.0)

581.2 Secretary (gross)

Compensation paid to the school's advancement secretary are recorded here. (sub-account of 581.0)

582.0 Benefits

Include the sub-accounts for employer's share of Social Security 582.1, Medicare 582.2, Health Insurance premiums 582.3, Disability Benefits Insurance 582.4, Unemployment Insurance 582.5, Lay Employee's Retirement Plan premiums 582.6, Worker's Compensation 582.7, etc.

Note: Do not include the amount of the employee's share of Social Security and Medicare that is deducted from the payroll check.

583.0 Supplies

Record all purchases of advancement supplies here.

584.0 Advertising

Record expenditures for promotional activities, newspaper advertisements, television and radio ads, etc.

585.0 Postage

Record the cost for mailings here.

586.0 Telecommunications

Local and long distance telephone service charges as well as charges for telecommunications such as fax, pagers, wireless phone service, phone cards and Internet services.

587.0 Travel

Record all expenditures for advancement employee travel here. This includes costs for hotel, airfare, mileage, toll fees, food and beverages, etc.

589.0 Other (specify, use sub-accounts)

Other advancement charges that your school has that don't fit in the above accounts. Each type of expense will need to be specified and a good way to keep track of these monies is to use sub-accounts.

APPENDIX F – Acknowledgement of Charitable Contributions

POLICY FOR ACKNOWLEDGMENT OF CHARITABLE CONTRIBUTIONS

The Roman Catholic Diocese of Ogdensburg, including its agencies and instrumentalities and educational, charitable and religious institutions that appear in *The Official Catholic Directory (OCD)*, are 501(c)(3) organizations under the Internal Revenue Code (IRC). As 501(c)(3) organizations, contributions made to the institutions listed in the *OCD* are deductible by the donor for federal income, gift and estate tax purposes (per annual IRS Group Rulings since March 25, 1946).

To be deductible, the contribution must be a gift. Instances when a contribution does not qualify for a tax deduction:

1. Where admission or another benefit is received in exchange for a donation the IRS presumes that the payment is in exchange for the benefit. Thus, a person who purchases a raffle ticket, books or items for a “suggested donation” does not actually make a tax deductible contribution unless the item purchased would have been given free of charge.
2. Contributions made for the benefit of another who is not a tax exempt organization. For example, if a parish takes up a collection earmarked for the benefit of an individual or group that is not a tax-exempt organization, the contributions are not deductible for income tax purposes.

Under the IRS Code the burden of proving a donation to charity rests with the taxpayer unless a charity receives a quid pro quo contribution in excess of \$75.00. However, the Roman Catholic Diocese of Ogdensburg desires to be pro-active in providing to donors the written acknowledgment required for their records in order for them to claim a deduction for tax purposes as allowed in the IRC.

The following policy shall be followed by institutions included in the Roman Catholic Diocese of Ogdensburg listing in the *OCD* in providing written acknowledgment to donors for their contributions.

A. Cash Contributions

Cash contributions are monetary gifts made by cash, check, gift cards redeemable for cash, payments made by credit card, electronic funds transfer, online payment service or payroll deduction.

1. Individual Contributions of \$250 or More

Donors may not claim an individual cash contribution of \$250.00 or more without a written acknowledgment from the recipient institution. Therefore, upon receipt of

individual cash donations of \$250 or more the institution shall issue a written acknowledgment that includes the following information:

- a. name of organization
- b. amount of cash contribution
- c. statement that no goods or services were provided by the organization in return for the contribution, if such was the case

It is not necessary to include either the donor's social security number or tax identification number on the acknowledgment.

One acknowledgment, such as an annual summary, may be used to substantiate several single contributions of \$250.00 or more by a donor in a calendar year.

The written acknowledgment must be issued to the donor no later than January 31 in the year following the donation.

The written acknowledgment should not state that the contribution is tax deductible.

Sample language for a written acknowledgment:

“Thank you for your cash contribution of \$x that (organization's name) received on (date). No goods or services were provided in exchange for your contribution.”

2. Parish Offertory Collections

The parish shall maintain for each parishioner an accounting of their contributions by check or through use of envelopes made at masses during the calendar year. A copy of this accounting shall be made available to each parishioner by January 31 in the year following the contributions.

B. Donations of Stock

Donations of stock are treated similar to the guidelines stated in Section A, Cash Contributions. Diocesan policy requires its institutions to liquidate stock immediately upon its receipt.

If the donor desires to transfer the stock electronically he should instruct his broker to transfer the securities in the name of the donee to the Diocese of Ogdensburg's Deposit & Loan Fund account at NBT Bank. Stock and bond gifting instructions can be obtained at the Diocese of Ogdensburg's website, under Pastoral Documentation.

When making a gift of securities please contact the Diocesan Fiscal Officer so the transaction can be monitored.

If the donor delivers actual stock certificates to contribute to a diocesan institution, the donee must complete a stock assignment that must be sent to NBT Bank. Instructions for the completion of the stock assignment and its mailing to NBT Bank are attached as Appendix A to this policy.

THE INSTITUTION MUST NOT MAIL A STOCK ASSIGNMENT AND THE STOCK CERTIFICATES IN THE SAME ENVELOPE. THEY MUST BE MAILED SEPARATELY. IF MAILED TOGETHER, IT IS POSSIBLE FOR AN INDIVIDUAL TO OBTAIN BOTH THE STOCK ASSIGNMENT AND THE STOCK CERTIFICATES WHICH COULD ALLOW HIM TO LIQUIDATE THE DONATION INTENDED FOR THE DIOCESAN INSTITUTION.

The name of the donor and the name of the diocesan institution(s) to benefit from the stock contribution should be forwarded to the bank at the time of the transfer or delivery of stock.

Upon receipt of the stock into the Deposit & Loan Fund account NBT Bank will notify the Diocesan Fiscal Office, whose staff will make the arrangements to liquidate the stock and to send the donee the proceeds from the liquidation. In its communication accompanying the donated proceeds the Diocesan Fiscal Officer will inform the donee of the cost of the donated stock at time of receipt in the Deposit & Loan Fund account.

It is the responsibility of the donee to issue the written acknowledgment of the donation to the donor. The written acknowledgment should state both the liquidated value of the donation as well as the cost value of the donation.

Sample language for a written acknowledgment:

“Thank you for your contribution of stock noted below that (organization’s name) received on (date).

<u>Stock</u>	<u>Number of Shares</u>	<u>Cost</u>	<u>Liquidated Value</u>
ABC Co.	100	\$xxxx.xx	\$yyyy.yy
XYZ Co.	200	<u>aaaa.aa</u>	<u>bbbb.bb</u>
Total		\$sum of cost	\$sum of value

No goods or services were provided in exchange of your contribution.”

The written acknowledgment should not state that the contribution is tax deductible.

C. Quid Pro Quo Contributions

A quid pro quo contribution is one where a benefit is received in exchange for the money given by the donor, but the benefit is not equal to or greater than the amount of money exchanged. For example, if a parish holds a fund raising dinner and charges \$100.00 per

person, only that portion of the \$100.00 which exceeds the value of the dinner provided is considered tax deductible.

The IRC mandates that a charity that receives a quid pro quo contribution in excess of \$75.00 **must** provide a written statement to the donor that includes the following information:

1. name of organization
2. amount of cash contribution
3. a description and good faith estimate of the value of goods and services that the organization provided for the contribution
4. a statement that the amount of the contribution that is deductible as a charitable contribution for federal tax purposes is limited to the excess of the amount contributed over the value of the goods and services provided to the donor

Failure to comply with the written disclosure mandate for a quid pro quo donation could result in a penalty of \$10.00 per contribution, not to exceed \$5,000.00 per fundraising event or mailing.

Exceptions:

- Token Exception: Insubstantial goods or services a charitable organization provides in exchange for contributions do not have to be described in the written acknowledgment. To qualify as a token exception:
 1. the fair market value of the benefits received cannot exceed the lesser of 2% of the payment or \$104, whichever is less, or
 2. the payment is at least \$52, the only items provided to the donor bear the organization's name or logo (i.e. calendars, mugs or posters), and the cost of these items is within the limit for "low-cost articles", currently \$10.40. [NOTE: Dollar amounts are for 2014 and are adjusted annually; consult with the IRS for updated information (877-829-5500)]

Stated in another manner, if a charitable organization gives low-cost articles bearing its logo that cost the organization less than \$10.40, and the donor contributes \$52 or more, the full amount of the contribution is deductible by the donor for tax purposes.

Also, free, unordered low-cost articles are considered to be insubstantial.

- Membership Benefits Exception: An annual membership is considered to be insubstantial if it is provided in exchange for an annual payment of \$75 or less and consists of annual recurring rights or privileges, such as:

-
1. free or discounted admissions to the charitable organization's facilities or events
 2. discounts on purchases from the organization's gift shop
 3. free or discounted parking
 4. free or discounted admission to member-only events sponsored by an organization, where the per-person cost (not including overhead) is within the "low-cost" limits

For example, if a charitable organization offers a \$75 annual membership that allows free admission to all of its events, plus a \$20 poster, a written acknowledgment need only mention the \$20 poster since the free admission would be considered insubstantial.

- **Intangible Religious Benefits Exception:** If a religious organization provides only "intangible religious benefits" to a contributor, the written acknowledgment does not need to describe or value those benefits.

Examples of intangible religious benefits:

- i. attendance at daily mass
- ii. attendance at a religious ceremony

Examples of benefits that are not intangible religious benefits:

- i. education leading to a recognized degree
- ii. travel services
- iii. consumer goods

Sample language for a written acknowledgment:

"Thank you for your cash contribution of \$x that (organization's name) received on (date). In exchange for your contribution, we gave you (description of item or service provided) with an estimated fair market value of \$y."

D. Unreimbursed Expenses

If a donor makes a single contribution of \$250 or more in the form of unreimbursed expenses (i.e. reimbursement for travel expenses incurred in order to perform donated services for the organization), the institution shall issue a written acknowledgment to the donor that includes the following information:

1. name of the organization
2. a description of the services provided by the donor
3. a statement of whether or not the organization provided goods and services in return for the contribution
4. a description and good faith estimate of the value of the goods and services, if any, that an organization provided in return for the contribution
5. a statement that the goods and services, if any, that an organization provided in return for the contribution consisted entirely of intangible religious benefits, if such was the case

The written acknowledgment **should not** include the dollar value of the unreimbursed expenses. It is the responsibility of the donor to maintain adequate records of the unreimbursed expenses.

E. Non-Cash Contributions

If a donor makes a contribution of property other than cash, the institution shall issue a written acknowledgment that includes the following information:

1. the name of the organization
2. a description (but not the value) of the property contributed
3. the date on which the property was contributed
4. a statement as to whether the institution gave the donor anything in exchange for the contribution
5. a description and estimate of the value of any goods and services provided by the institution in exchange for the contribution

Special situations:

- If a donor wants to claim a deduction between \$500 and \$5,000 for a non-cash contribution he must file IRS Form 8283/Section A with their tax return. If the donated property is a qualified motor vehicle (see information later in this policy) a written acknowledgment of the gift must be provided the donor.
- If a donor wants to claim a deduction in excess of \$5,000 for a non-cash contribution he must file IRS Form 8283/ Section A or B (depending on the type of property contributed). The form must be signed by the institution and by a qualified appraiser. In signing the form the diocesan institution:

-
- a. acknowledges that it is a charitable organization qualified to receive tax-deductible gifts and that it received the donated property on the date noted
 - b. affirms that if it sells, exchanges or otherwise disposes of the donated property, or any portion thereof, within two years after the date of receipt, that it will file IRS form 8282 with the IRS and give the donor a copy of that form. This form must be filed with the IRS within 125 days of sale of the donated property
 - c. the acknowledgment does not represent agreement with the claimed fair market value

A qualified appraisal is not required for contributions of: publicly traded securities; certain intellectual property; qualified motor vehicles for which the done charity filed an acknowledgment with the IRS that was attached to Form 8283/Section A by the donor; inventory and property held by the donor primarily for sale in the ordinary course of the donor's trade or business.

The diocesan institution should obtain an executed copy of IRS form 8283 from the donor for its records.

A copy of IRS forms 8283 and 8282 are attached to this policy. Updated versions may be obtained from the IRS at its website, www.irs.gov.

(NOTE: The only thing a diocesan institution should do when providing a receipt is to acknowledge receipt of the item. A diocesan institution **should not** attempt to appraise or otherwise value the gift given. The burden to do so is on the donor, and the church may be found liable for "aiding and abetting the understatement of tax liability" if a wrong value is given.)

- Donation of automobiles - Effective January 1, 2005, when a vehicle (automobile, boat or airplane) with a value of more than \$500 or which generates gross proceeds of more than \$500, is donated to a charitable organization, the tax-deductible value of the vehicle will be determined as follows:
 - a. If a parish/school plans to sell the vehicle without significantly using it or improving it, the parish/school must provide an acknowledgement that includes the following information to the donor within 30 days of the sale of the donated vehicle:
 - i. The donor's name and Social Security Number.
 - ii. The vehicle identification number.
 - iii. A statement that the vehicle was sold in an arm's length transaction between unrelated parties.
 - iv. The gross proceeds from the sale of the vehicle.

-
- v. A statement that the deductible amount is limited to the gross proceeds.

The parish/school must also inform the Internal Revenue Service (IRS) of this information by filing IRS form 8282, Donee Information Return (copy enclosed). This form must be filed with the IRS within 125 days of disposal of the vehicle. A copy of this form must be provided to the donor.

If the diocesan institution intends to sell the donated vehicle it can communicate that fact to the donor, and inform the donor that the institution must provide a statement indicating the ultimate selling price of the vehicle, and that the donor must use that price as the tax deductible amount.

Prior to accepting the vehicle as a donation the pastor/administrator of the donee can address the issue of its selling price with the donor. Hard feelings could arise if the recipient sold the vehicle at a price below that of what the donor thought it was worth.

The donor may not deduct the value of the vehicle until the entity sells it and informs the donor of the selling price. Therefore, if the sale does not take place prior to January 1 (assuming the donor is on a calendar year tax basis) then the donor must wait until the vehicle is sold in order to claim the deduction in the year the vehicle was contributed. If the sale does not take place until after the due date of the donor's tax return (generally April 15):

1. The donor can file an extension for his/her return and wait for the sale to take place.
 2. The donor can file his/her tax return and subsequently file an amended return once (s)he receives notice of the sale.
- b. If the diocesan institution plans to use the vehicle, or make material improvements to it (major overhaul, paint job, etc.) the parish/school must provide an acknowledgement that includes the following information to the donor within 30 days of the donation of the vehicle to the parish/school:
 - i. The donor's name and Social Security Number.
 - ii. The vehicle identification number.
 - iii. A statement of the intended use or material improvement of the vehicle, and the intended duration of that use.
 - iv. A statement that the vehicle would not be sold before completion of that use or improvement.

Under either scenario the donor is responsible for completion of IRS form 8283 (copy enclosed), Noncash Charitable Contributions, if the deduction to be claimed by the donor is greater than \$500. The parish/school, as the donee, must complete and sign Part IV of this form (Donee Acknowledgment), prior to its submission by the donor with his/her tax return. The donor must provide you with a copy of the completed form for your records.

The financial lifeblood in support of the Roman Catholic Diocese of Ogdensburg and its institutions is provided by the generosity of those that it serves. Therefore, it is imperative that the diocese take every opportunity to cooperate with donors in providing them correct written acknowledgments of their contributions. In implementing this policy the diocese believes that this goal can be achieved.

The Diocesan Fiscal Officer will provide assistance to diocesan institutions at their request to insure proper administration of this policy.

Roman Catholic Diocese of Ogdensburg

Stock & Bond Gifting Instructions

1. **Electronic Stock & Bond Gifts:** This is the best way to gift stock or bonds to the Diocese or diocesan institution.

**The Northern Trust Company
DTC Participant # 2669**

For Further Credit to: Diocese Of Ogdensburg Account #001361 & specify parish or other diocesan institution

Please have your financial institution send an e-mail to NBT Bank representative Megan Shields at MShields@nbtbank.com notifying her of your stock or bond gift and the number of shares or value.

2. **If an Actual Stock or Bond Certificate Is Gifted & in the Name of the Donor:**

- **Please do not sign or complete any of the information on the back of the Stock or Bond certificate(s)**
- The donor must execute and sign one **Stock or Bond Assignment** for each company that is being gifted (even if there is more than one certificate for each company). Signature requires a Signature Medallion guarantee which can be secured at a bank or trust company.
- Complete the form except please leave blank the last paragraph where you are asked to appoint attorney.
- Mail the **Stock or Bond Assignment** to NBT using the address below.
- In a separate envelope, send the certificate(s) to NBT using the address below.

3. **If Stock or Bond Is in the Name of the Parish:**

- A written corporate resolution authorizing the sale of the stock/bond must be prepared and signed by authorized parish personnel. The seal of the parish should be attached to the resolution. The signature on the resolution must be different than the signature of the individual executing the **Stock or Bond Assignment**.
- An individual with the authority to sign on behalf of the parish executes the **Stock or Bond Assignment**. The signor's Signature Medallion must be guaranteed at a bank or trust company.
- Mail the completed resolution – except please leave blank the appointed attorney in the last paragraph - and the **Stock or Bond Assignment** to NBT at the address indicated below.
- In a separate envelope, send the stock(s) or bond(s) itself to NBT's address below.

Mailing address
NBT Bank – Trust Division
52 South Broad Street
Norwich, NY 13815
Attn: Alice French

*Please include a note with your name and telephone number and identify that you are gifting the stock/bond to the Diocese of Ogdensburg or a diocesan institution for deposit to account # **001361**.*

**STOCK OR BOND
ASSIGNMENT SEPARATE FROM SECURITY**

NBT Bank, N. A.
Member FDIC

FOR VALUE RECEIVED, the undersigned does (do) hereby sell, assign and transfer to

TURNER AND COMPANY
C/O NBT BANK NA, TRUST DEPT
52 SOUTH BROAD ST
NORWICH NY 13815

Social Security or Tax Identifying Number
15-6014206

**IF STOCK,
COMPLETE
THIS
PORTION**

_____ shares of the _____ stock of _____

represented by certificate(s) No(s), _____ inclusive
standing in the name of the undersigned on the books of said company.

**IF BONDS
COMPLETE
THIS
PORTION**

_____ bonds of the _____

in principal amount of \$ _____, No(s), _____ inclusive.
standing in the name of the undersigned on the books of said company.

The undersigned does (do) hereby irrevocably constitute and appoint _____
(please leave space blank)
attorney to transfer said stock (s) or bonds(s) as the case may be on the books of said company, with full
power of substitution in the premises.

Dated _____

IMPORTANT - READ CAREFULLY

The signature(s) to this Power must correspond with the name(s) as written upon the face of the certificate(s) or bond(s) in every particular without alteration or enlargement or any change whatever. Signature guarantee should be made by a member or member organization of the New York Stock Exchange having signature on file with transfer agents or by a commercial bank or trust company having its principal office or correspondent in the City of New York.

Signed _____

Signed _____

MEDALLION
SIGNATURE
GUARANTEED }
}

Noncash Charitable Contributions

▶ Attach to your tax return if you claimed a total deduction of over \$500 for all contributed property.

▶ Information about Form 8283 and its separate instructions is at www.irs.gov/form8283.

OMB No. 1545-0908

Attachment Sequence No. **155**

Name(s) shown on your income tax return

Identifying number

Note. Figure the amount of your contribution deduction before completing this form. See your tax return instructions.

Section A. Donated Property of \$5,000 or Less and Publicly Traded Securities—List in this section only items (or groups of similar items) for which you claimed a deduction of \$5,000 or less. Also list publicly traded securities even if the deduction is more than \$5,000 (see instructions).

Part I Information on Donated Property—If you need more space, attach a statement.

1	(a) Name and address of the donee organization	(b) If donated property is a vehicle (see instructions), check the box. Also enter the vehicle identification number (unless Form 1098-C is attached).	(c) Description of donated property (For a vehicle, enter the year, make, model, and mileage. For securities, enter the company name and the number of shares.)
A		<input type="checkbox"/>	
B		<input type="checkbox"/>	
C		<input type="checkbox"/>	
D		<input type="checkbox"/>	
E		<input type="checkbox"/>	

Note. If the amount you claimed as a deduction for an item is \$500 or less, you do not have to complete columns (e), (f), and (g).

	(d) Date of the contribution	(e) Date acquired by donor (mo., yr.)	(f) How acquired by donor	(g) Donor's cost or adjusted basis	(h) Fair market value (see instructions)	(i) Method used to determine the fair market value
A						
B						
C						
D						
E						

Part II Partial Interests and Restricted Use Property—Complete lines 2a through 2e if you gave less than an entire interest in a property listed in Part I. Complete lines 3a through 3c if conditions were placed on a contribution listed in Part I; also attach the required statement (see instructions).

- 2a Enter the letter from Part I that identifies the property for which you gave less than an entire interest ▶ _____
 If Part II applies to more than one property, attach a separate statement.
- b Total amount claimed as a deduction for the property listed in Part I: (1) For this tax year ▶ _____
 (2) For any prior tax years ▶ _____
- c Name and address of each organization to which any such contribution was made in a prior year (complete only if different from the donee organization above):
 Name of charitable organization (donee) _____
 Address (number, street, and room or suite no.) _____
 City or town, state, and ZIP code _____
- d For tangible property, enter the place where the property is located or kept ▶ _____
- e Name of any person, other than the donee organization, having actual possession of the property ▶ _____

3a Is there a restriction, either temporary or permanent, on the donee's right to use or dispose of the donated property?	Yes	No
b Did you give to anyone (other than the donee organization or another organization participating with the donee organization in cooperative fundraising) the right to the income from the donated property or to the possession of the property, including the right to vote donated securities, to acquire the property by purchase or otherwise, or to designate the person having such income, possession, or right to acquire?		
c Is there a restriction limiting the donated property for a particular use?		

Name(s) shown on your income tax return

Identifying number

Section B. Donated Property Over \$5,000 (Except Publicly Traded Securities)—Complete this section for one item (or one group of similar items) for which you claimed a deduction of more than \$5,000 per item or group (except contributions of publicly traded securities reported in Section A). Provide a separate form for each property donated unless it is part of a group of similar items. An appraisal is generally required for property listed in Section B. See instructions.

Part I Information on Donated Property—To be completed by the taxpayer and/or the appraiser.

- 4 Check the box that describes the type of property donated:
a Art* (contribution of \$20,000 or more)
b Qualified Conservation Contribution
c Equipment
d Art* (contribution of less than \$20,000)
e Other Real Estate
f Securities
g Collectibles**
h Intellectual Property
i Vehicles
j Other

*Art includes paintings, sculptures, watercolors, prints, drawings, ceramics, antiques, decorative arts, textiles, carpets, silver, rare manuscripts, historical memorabilia, and other similar objects.

**Collectibles include coins, stamps, books, gems, jewelry, sports memorabilia, dolls, etc., but not art as defined above.

Note. In certain cases, you must attach a qualified appraisal of the property. See instructions.

Table with 6 columns: (a) Description of donated property, (b) Physical condition, (c) Appraised fair market value, (d) Date acquired, (e) How acquired, (f) Donor's cost, (g) Bargain sales, (h) Amount claimed, (i) Date of contribution.

Part II Taxpayer (Donor) Statement—List each item included in Part I above that the appraisal identifies as having a value of \$500 or less. See instructions.

I declare that the following item(s) included in Part I above has to the best of my knowledge and belief an appraised value of not more than \$500 (per item). Enter identifying letter from Part I and describe the specific item. See instructions.

Signature of taxpayer (donor)

Date

Part III Declaration of Appraiser

I declare that I am not the donor, the donee, a party to the transaction in which the donor acquired the property, employed by, or related to any of the foregoing persons, or married to any person who is related to any of the foregoing persons. And, if regularly used by the donor, donee, or party to the transaction, I performed the majority of my appraisals during my tax year for other persons.

Also, I declare that I perform appraisals on a regular basis; and that because of my qualifications as described in the appraisal, I am qualified to make appraisals of the type of property being valued. I certify that the appraisal fees were not based on a percentage of the appraised property value.

Sign

Here Signature

Title

Date

Business address (including room or suite no.)

Identifying number

City or town, state, and ZIP code

Part IV Donee Acknowledgment—To be completed by the charitable organization.

This charitable organization acknowledges that it is a qualified organization under section 170(c) and that it received the donated property as described in Section B, Part I, above on the following date

Furthermore, this organization affirms that in the event it sells, exchanges, or otherwise disposes of the property described in Section B, Part I (or any portion thereof) within 3 years after the date of receipt, it will file Form 8282, Donee Information Return, with the IRS and give the donor a copy of that form. This acknowledgment does not represent agreement with the claimed fair market value.

Does the organization intend to use the property for an unrelated use? Yes No

Form with fields for Name of charitable organization, Employer identification number, Address, City or town, state, and ZIP code, Authorized signature, Title, Date.

Form **8282**

(Rev. April 2009)
Department of the Treasury
Internal Revenue Service

Donee Information Return
(Sale, Exchange, or Other Disposition of Donated Property)

▶ See instructions.

OMB No. 1545-0008

Give a Copy to Donor

Parts To Complete

- If the organization is an **original donee**, complete *Identifying Information*, Part I (lines 1a–1d and, if applicable, lines 2a–2d), and Part III.
- If the organization is a **successor donee**, complete *Identifying Information*, Part I, Part II, and Part III.

Identifying Information

Print or Type	Name of charitable organization (donee)	Employer identification number
	Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address)	
	City or town, state, and ZIP code	

Part I Information on ORIGINAL DONOR and SUCCESSOR DONEE Receiving the Property

1a Name of original donor of the property	1b Identifying number(s)
1c Address (number, street, and room or suite no.) (P.O. box no. if mail is not delivered to the street address)	
1d City or town, state, and ZIP code	

Note. Complete lines 2a–2d only if the organization gave this property to another charitable organization (successor donee).

2a Name of charitable organization	2b Employer identification number
2c Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address)	
2d City or town, state, and ZIP code	

Part II Information on PREVIOUS DONEES. Complete this part only if the organization was not the first donee to receive the property. See the instructions before completing lines 3a through 4d.

3a Name of original donee	3b Employer identification number
3c Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address)	
3d City or town, state, and ZIP code	
4a Name of preceding donee	4b Employer identification number
4c Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address)	
4d City or town, state, and ZIP code	

Part III Information on DONATED PROPERTY

<p>1. Description of the donated property sold, exchanged, or otherwise disposed of and how the organization used the property. (If you need more space, attach a separate statement.)</p>	<p>2. Did the disposition involve the organization's entire interest in the property?</p>		<p>3. Was the use related to the organization's exempt purpose or function?</p>		<p>4. Information on use of property.</p> <ul style="list-style-type: none"> • If you answered "Yes" to question 3 and the property was tangible personal property, describe how the organization's use of the property furthered its exempt purpose or function. Also complete Part IV below. • If you answered "No" to question 3 and the property was tangible personal property, describe the organization's intended use (if any) at the time of the contribution. Also complete Part IV below, if the intended use at the time of the contribution was related to the organization's exempt purpose or function and it became impossible or infeasible to implement.
	Yes	No	Yes	No	
A					
B					
C					
D					

		Donated Property			
		A	B	C	D
5	Date the organization received the donated property (MM/DD/YY)	/ /	/ /	/ /	/ /
6	Date the original donee received the property (MM/DD/YY)	/ /	/ /	/ /	/ /
7	Date the property was sold, exchanged, or otherwise disposed of (MM/DD/YY)	/ /	/ /	/ /	/ /
8	Amount received upon disposition	\$	\$	\$	\$

Part IV Certification

You must sign the certification below if any property described in Part III above is tangible personal property and:

- You answered "Yes" to question 3 above, or
- You answered "No" to question 3 above and the intended use of the property became impossible or infeasible to implement.

Under penalties of perjury and the penalty under section 6720B, I certify that either: (1) the use of the property that meets the above requirements, and is described above in Part III, was substantial and related to the donee organization's exempt purpose or function; or (2) the donee organization intended to use the property for its exempt purpose or function, but the intended use has become impossible or infeasible to implement.

Signature of officer _____ Title _____ Date _____

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Sign Here

Signature of officer _____ Title _____ Date _____

Type or print name _____

General Instructions

Section references are to the Internal Revenue Code.

Purpose of Form

Donee organizations use Form 8282 to report information to the IRS and donors about dispositions of certain charitable deduction property made within 3 years after the donor contributed the property.

Definitions



For Form 8282 and these instructions, the term "donee" includes all donees, unless specific reference is made to "original" or "successor" donees.

Original donee. The first donee to or for which the donor gave the property. The original donee is required to sign Form 8283, Noncash Charitable Contributions, Section B. *Donated Property Over \$5,000 (Except Certain Publicly Traded Securities)*, presented by the donor for charitable deduction property.

Successor donee. Any donee of property other than the original donee.

Charitable deduction property. Any donated property (other than money and publicly traded securities) if the claimed value exceeds \$5,000 per item or group of similar items donated by the donor to one or more donee organizations. This is the property listed in Section B on Form 8283.

Who Must File

Original and successor donee organizations must file Form 8282 if they sell, exchange, consume, or otherwise dispose of (with or without consideration) charitable deduction property (or any portion) within 3 years after the date the original donee received the property. See *Charitable deduction property* above.

If the organization sold, exchanged, or otherwise disposed of motor vehicles, airplanes, or boats, see Pub. 526, *Charitable Contributions*.

Exceptions. There are two situations where Form 8282 does not have to be filed.

1. Items valued at \$500 or less. The organization does not have to file Form 8282 if, at the time the original donee signed Section B of Form 8283, the donor had signed a statement on Form 8283 that the appraised value of the specific item was not more than \$500. If Form 8283 contains more than one item, this exception applies only to those items that are clearly identified as having a value of \$500 or less. However, for purposes of the donor's determination of whether the appraised value of the item exceeds \$500, all shares of nonpublicly traded stock, or items that form a set, are considered one item. For example, a collection of books written by the same

author, components of a stereo system, or six place settings of a pattern of silverware are considered one item.

2. Items consumed or distributed for charitable purpose. The organization does not have to file Form 8282 if an item is consumed or distributed, without consideration, in fulfilling your purpose or function as a tax-exempt organization. For example, no reporting is required for medical supplies consumed or distributed by a tax-exempt relief organization in aiding disaster victims.

When To File

If the organization disposes of charitable deduction property within 3 years of the date the original donee received it and the organization does not meet exception 1 or 2 above, the organization must file Form 8282 within 125 days after the date of disposition.

Exception. If the organization did not file because it had no reason to believe the substantiation requirements applied to the donor, but the organization later becomes aware that the substantiation requirements did apply, the organization must file Form 8282 within 60 days after the date it becomes aware it was liable. For example, this exception would apply where Section B of Form 8283 is furnished to a successor donee after the date that donee disposes of the charitable deduction property.

Missing information. If Form 8282 is filed by the due date, enter the organization's name, address, and employer identification number (EIN) and complete at least Part III, columns 1, 2, 3, and 4; and Part IV. The organization does not have to complete the remaining items if the information is not available. For example, the organization may not have the information necessary to complete all entries if the donor did not make Section B of Form 8283 available.

Where To File

Send Form 8282 to the Department of Treasury, Internal Revenue Service Center, Ogden, UT 84201-0027.

Other Requirements

Information the organization must give a successor donee. If the property is transferred to another charitable organization within the 3-year period discussed earlier, the organization must give the successor donee all of the following information.

- The name, address, and EIN of the organization.
- A copy of Section B of Form 8283 that the organization received from the donor or a preceding donee. The preceding donee is the one who gave the organization the property.
- A copy of this Form 8282, within 15 days after the organization files it.

The organization must furnish items 1 and 2 above within 15 days after the latest of the date:

- The organization transferred the property,
- The original donee signed Section B of Form 8283, or
- The organization received a copy of Section B of Form 8283 from the preceding donee if the organization is also a successor donee.

Information the successor donee must give the organization. The successor donee organization to whom the organization transferred this property is required to give the organization its name, address, and EIN within 15 days after the later of:

- The date the organization transferred the property, or
- The date the successor donee received a copy of Section B of Form 8283.

Information the organization must give the donor. The organization must give a copy of Form 8282 to the original donor of the property.

Recordkeeping. The organization must keep a copy of Section B of Form 8283 in its records.

Penalties

Failure to file penalty. The organization may be subject to a penalty if it fails to file this form by the due date, fails to include all of the information required to be shown on the filed form, or includes incorrect information on the filed form. The penalty is generally \$50 per form. For more details, see section 6721 and 6724.

Fraudulent identification of exempt use property. A \$10,000 penalty may apply to any person who identifies in Part III tangible personal property the organization sold, exchanged, or otherwise disposed of, as having a use that is related to a purpose or function knowing that such property was not intended for such a use. For more details, see section 6720B.

Specific Instructions

Part I

Line 1a. Enter the name of the original donor.

Line 1b. The donor's identifying number may be either an employer identification number or a social security number, and should be the same number provided on page 2 of Form 8283.

Line 1c and 1d. Enter the last known address of the original donor.

Lines 2a-2d. Complete these lines if the organization gave the property to another charitable organization successor donee (defined earlier). If the organization is an original donee, skip Part II and go to Part III.

Part II

Complete Part II only if the organization is a successor donee. If the organization is the original donee, do not complete any lines in Part II; go directly to Part III.

If the organization is the **second donee**, complete lines 3a through 3d. If the organization is the **third or later donee**, complete lines 3a through 4d. On lines 4a through 4d, give information on the preceding donee.

Part III

Column 1. For charitable deduction property that the organization sold, exchanged, or otherwise disposed of within 3 years of the original contribution, describe each item in detail. For a motor vehicle, include the vehicle identification number. For a boat, include the hull identification number. For an airplane, include the aircraft identification number. Additionally, for the period of time the organization owned the property, explain how it was used. If additional space is needed, attach a statement.

Column 3. Check "Yes" if the organization's use of the charitable deduction property was related to its exempt purpose or function. Check "No" if the organization sold, exchanged, or otherwise disposed of the property without using it.

Signature

Form 8282 is not valid unless it is signed by an officer of the organization. Be sure to include the title of the person signing the form and the date the form was signed.

How To Get Tax Help

Internet

You can access the IRS website 24 hours a day, 7 days a week at www.irs.gov/eo to:

- Download forms, instructions, and publications;
- Order IRS products online;
- Research your tax questions online;
- Search publications online by topic or keyword;

- View Internal Revenue Bulletins (IRBs) published in the last few years; and

- Sign up to receive local and national tax news by email. To subscribe, visit www.irs.gov/eo.

DVD

You can order Publication 1796, IRS Tax Products DVD, and obtain:

- Current-year forms, instructions, and publications.
- Prior-year forms, instructions, and publications.
- Tax Map: an electronic research tool and finding aid.
- Tax law frequently asked questions.
- Tax topics from the IRS telephone response system.
- Fill-in, print, and save features for most tax forms.
- IRBs.
- Toll-free and email technical support.
- Two releases during the year.

Purchase the DVD from National Technical Information Service (NTIS) at www.irs.gov/cdorders for \$30 (no handling fee) or call **1-877-CDFORMS** (1-877-233-6767) toll-free to buy the DVD for \$30 (plus a \$6 handling fee). Price is subject to change.

By Phone

You can order forms and publications by calling 1-800-TAX-FORM (1-800-829-3676). You can also get most forms and publications at your local IRS office. If you have questions and/or need help completing this form, please call 1-877-829-5500. This toll free telephone service is available Monday thru Friday.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping 3 hr., 35 min.

Learning about the law or the form 12 min.

Preparing and sending the form to the IRS 15 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the form to this address. Instead, see *Where To File* on page 3.

APPENDIX G – Investment Policy Statement

Revised December 12, 2019

INVESTMENT MISSION STATEMENT

The Diocese of Ogdensburg is called to exercise faithful, competent and socially responsible stewardship in how it manages its financial resources. As a Roman Catholic organization the Diocese draws its values, directions and criteria which guide its financial choices from the Gospel and universal Church teaching. In order to function effectively and carry out its mission, the Diocese depends on a fair and reasonable return on its investments and is required to operate in a fiscally sound, responsible and accountable manner. The combination of religious mandate and fiscal responsibilities suggests the need for a clear and comprehensive set of policies to guide the Diocese's investments and other activities related to corporate responsibility.

The New York Prudent Management of Institutional Funds Act (“NYPMIFA,” or the “Act”) took effect on September 17, 2010. The Act governs the management and investment of funds held by not-for-profit corporations and other institutions. The Act requires institutions to set forth guidelines on investments and delegation of management and investment functions in accord with its standards. The Diocese of Ogdensburg is subject to the Act.

The following investment policies shall guide the Diocese’s Investment Advisory Committee, Diocesan Staff, Investment Managers, and Investment Consultants in fulfilling their fiduciary responsibility managing the Diocesan Investment Program.

INTRODUCTION

In accordance with Canon 1284 the Bishop consents to the investment of the money which is left over after expenses and can be usefully set aside for the purposes of the Diocese of Ogdensburg. Investment of monies shall be governed by this Investment Policy Statement.

The purpose of this Investment Policy Statement is to establish a clear understanding and the management between the Investment Advisory Committee of the Diocese of Ogdensburg and the Investment Manager(s)/Investment Consultant(s) on issues regarding objectives and policies applicable to their investment portfolio. This Investment Policy Statement will:

- Comply with the provisions of NYPMIFA.
- Establish reasonable expectations, objectives and guidelines in the investment of the Diocese’s assets from which Investment Manager(s)/Investment Consultant(s) may formulate and execute their investment decisions.
- Provide the investment of the Diocese will be made for the exclusive benefit of diocesan entities.
- Encourage effective communication between the Investment Manager(s)/Investment Consultant(s) and the Investment Advisory Committee.
- Create the framework for a well-diversified asset mix that can be expected to generate acceptable long-term returns at a level of risk suitable to the Diocese.
- Comply with New York Insurance Law §1110(b), whereby admitted assets in the Diocese’s Segregated Gift Annuity Program shall be invested in accordance with the

prudent investor standard as defined in §11-2.3 of the Estates, Powers and Trusts Law and shall not be subject to the investment limitations set forth in New York Insurance Law.

The Investment Policy Statement is intended to cover the management of various investment portfolios or funds, including the Lay Employees' Retirement Fund, the Priests' Pension Fund, the Deposit & Loan Fund, the Charitable Gift Annuity Reserve Fund, the Diocesan Trust Fund, the Endowed Care Cemeteries Fund and any others that may exist or may be created (collectively referred to after as "Investment Funds"). The Bishop, as Administrator of the Investment Funds, will appoint an Investment Advisory Committee (the "Committee") to oversee the administration of the Investment Funds in accordance with its roles and responsibilities assigned in this policy. The Committee will report on the status of the Investment Funds to the Bishop on a quarterly basis. The investments of the Investment Funds will be made for the exclusive benefit of Investment Fund participants and beneficiaries. This policy statement is issued for the guidance of fiduciaries, including investment managers, investment consultants, and members of the Investment Advisory Committee (the "Committee"), in the course of investing assets for the Investment Funds.

The Bishop approves the Investment Policy Statement ("Statement"). The Statement is issued for the guidance of the Committee, the Investment Funds' investment managers, investment consultants (if any are retained), and the custodian bank(s). This Statement is intended to set forth an appropriate set of goals and objectives for the Investment Funds' assets and to define guidelines within which the investment managers may formulate and execute their investment decisions. The Bishop may amend this Statement upon his own initiative and/or upon consideration of the advice and recommendations of the Committee, the investment managers and/or investment consultants (if any are retained). Changes to the Statement approved by the Bishop shall be communicated to the Diocesan Fiscal Officer, who will be responsible for informing the Committee, investment managers, investment consultants (if any are retained), and custodian bank(s) of such changes.

The judgment of the Bishop in decisions affecting the administration of the Investment Funds shall be binding and conclusive upon the Committee, investment managers, investment consultants (if any are retained), and the custodian bank(s).

STATEMENT OF GOALS AND OBJECTIVES

The investment goals for the Investment Funds are outlined below. Specific benchmarks and guidelines for investment managers are included in Appendices I and III.

1. Total return, consistent with the prudent investor standard as defined in §11-2.3 of the Estates, Powers and Trusts Law (the Prudent Investor Act), is the primary goal of the Investment Funds. Total return, as used herein, includes income plus realized and unrealized gains and losses on Investment Funds' assets minus management fees.
2. Assets of the Diocese shall be invested to ensure that principal is preserved and enhanced over time.

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3. The total return for each of the overall Investment Funds will be compared to their respective benchmarks as listed in Appendix I.
 4. Total portfolio risk exposure and risk-adjusted returns will be regularly evaluated and compared with a universe of similar funds.
 5. Investment objectives are intended to provide quantifiable benchmarks to measure and evaluate return and risk. The Committee is aware that there will be deviations from these performance targets. Results will be evaluated over three, five, and ten-year time periods. Shorter-term results will be regularly reviewed and earlier action taken if in the best interest of the Investment Funds.

INVESTMENT PHILOSOPHY

In making investment decisions, the Investment Manager(s)/Investment Consultant(s) should be aware of the mission of the Catholic Church, which believes that it has the responsibility to influence corporate policy and public conscience to create a more just global society, foster the common good and respect the dignity of life.

The Diocese believes that the assets should be managed in a manner that is consistent with the philosophy of the Roman Catholic Church and that reflects the purposes for which the Diocese was established. The role of fixed income investments is to reduce the volatility of the overall portfolio which providing a predictable stream of income.

The purpose of diversification between and within asset classes is to provide reasonable assurance that no single security or asset class has a disproportionate impact on the total portfolio.

INVESTMENT GUIDELINES

The Roman Catholic Diocese of Ogdensburg was incorporated in 1945 to oversee the theological and financial affairs of the parishes and missions within the northern counties of New York State. It is responsible for charitable funds and the income generated by funds of multiple donors. The Diocese is committed to promoting the well-being of all its affiliated and related parishes, corporations, departments, institutions, organizations, entities, and programs.

All persons responsible for oversight, consultative services, managing and investing diocesan monies must do so in good faith and in accordance with the prudent investment standard as defined in §11-2.3 of the Estates, Powers and Trusts Law.

As mandated by NYPMIFA, the Investment Advisory Committee shall consider the following prudent factors, if relevant, for investment of diocesan funds:

1. The purposes of the Diocese.
2. General economic conditions.
3. The possible effect of inflation or deflation.

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4. The expected tax consequences of investment decisions or strategies.
 5. The role that each investment or course of action plays within the overall investment portfolio of the fund.
 6. The expected total return from income and appreciation of investments.
 7. Other resources of the Diocese.
 8. The needs of the Diocese and investment funds to make distributions and preserve capital.
 9. An asset's special relationship or special value, if any, to the purposes of the Diocese.

The overall capital structure targets and permissible ranges for eligible asset classes are detailed in Appendix I.

Full discretion, within the parameters of the guidelines described herein, is granted to the investment managers regarding the asset allocation, the selection of securities in accordance with Appendix IV and the timing of transactions. Securities of an individual issuer, excepting the government and U.S. government agencies, shall not constitute more than 5% of an investment manager's portfolio at any time. A mutual fund may constitute more than 5% of an investment manager's portfolio provided no security in the mutual fund, excepting the U.S. Government and U.S. Government agencies, constitute more than 5% of the fund, with the purchase of the mutual fund subject to committee approval. Specific guidelines for the investment managers are included as Appendix III.

Diversification of Investments

In recognition of the prudence required of fiduciaries, reasonable diversification will be sought where possible. Experience has shown that financial markets and inflation rates are cyclical and, therefore, control of volatility will be achieved through diversification of asset classes and selection of managers of diverse styles.

The Committee may authorize investment in a mutual fund in excess of 5% of an investment manager's portfolio at any time provided the manager demonstrates the mutual fund provides access to a diverse swath of holdings that may otherwise be too expensive or inefficient to purchase within a portfolio of this size, and is able to adjust multiple aspects of the portfolio (i.e., sector allocation, duration, currency, etc.) to take advantage of/manage risk in the current environment and provides flexibility and a variety of holdings.

Benefit Payments

Investment managers should assume that withdrawals might be made from the Investment Funds from time to time to meet diocesan needs, as communicated by the Diocesan Fiscal Officer. Appropriate liquidity should be maintained to fund these withdrawals without impairing the investment process. The Diocesan Fiscal Officer will endeavor to provide ample notice of any material withdrawals.

Ineligible Investments

Unless specifically approved by the Committee, certain securities, strategies, and investments are ineligible for inclusion within this Investment Funds' asset base. These are:

- Lettered, legend or other so-called restricted stock.
- Investments prohibited under Appendix IV, Guidelines for Responsible Investing.
- Unregistered or restricted stock.
- Conditional Sales Contracts.
- Uncovered Options.
- Transferable certificates of participation in business trusts.
- Securities of the investment managers or their respective parents, subsidiaries or affiliates unless authorized by the Committee.
- Securities lending, pledging and hypothecating securities.

Communication of Changes in Strategy or Specific Holdings

From time to time it may be necessary to inform the investment managers of a change in investment strategy or the need to dispose of specific investments. Such communication by the Committee will be in writing, copied to the Diocesan Bishop and the Diocesan Finance Council.

Proxy Voting

Responsibility for the exercise of ownership rights through proxy voting shall rest solely with the investment managers, who shall exercise this responsibility strictly for the long-term economic benefit of the Investment Funds, its participants and beneficiaries in accordance with Appendix IV, Guidelines for Responsible Investing. Investment managers shall annually report to the Committee on their standing policies with respect to proxy voting, including any changes that have occurred in those policies.

Additionally, investment managers shall provide a written annual report of the proxy votes for all shares of stock in companies held in the Investment Funds' investment program. These reports shall specifically note and explain any instances where proxies were not voted in accordance with standing policy.

Directed Commissions

Investment managers shall use their best efforts to ensure that portfolio transactions are placed on a "best execution" basis. Additionally, arrangements to direct commissions should only be implemented by specific authorization of the Committee.

Commingled Funds

Appendix IV, Guidelines for Responsible Investing, states that ownership of mutual funds is to be minimized. The Committee will work with Investment Consultants (if any are retained) to

monitor the investment policies of any commingled fund in which Investment Funds are allocated to ascertain if they are appropriate for the Investment Funds.

ROLES AND RESPONSIBILITIES

Investment Advisory Committee

The Investment Advisory Committee shall consist of seven members, one of whom shall be the Moderator of the Curia. Other members of the Committee shall be appointed by the Bishop.

The Diocesan Fiscal Officer shall serve in an advisory role to the Committee, but shall not be a member of the Committee.

Investment Advisory Committee members shall elect a chairperson whose duties include working with the Diocesan Fiscal Officer to develop meeting agendas and to run the business of the meeting.

The Committee shall meet subsequent to the end of each calendar quarter to review the performance of Investment Funds. Other relevant business may be conducted at these meetings as deemed appropriate by the Committee. Minutes of each Committee meeting shall be taken to maintain a record of the business transacted.

The Committee shall review the total investment program in accordance with provisions of NYPMIFA. The Committee shall provide overall direction to the administrative staff in the execution of the investment policy. The Committee is responsible for evaluating, hiring, and terminating investment managers and custodian banks. The Committee may choose to retain an investment consultant to assist them with their responsibilities.

The Diocesan Fiscal Officer shall provide minutes of each committee meeting to the Diocesan Finance Council.

Investment Managers

The duties and responsibilities of each of the investment managers retained by the Committee include:

1. Managing the assets under its management in accordance with the policy guidelines and objectives expressed herein.
2. Meeting or exceeding the manager specific benchmarks expressed in Appendix I.
3. Exercising investment discretion within the guidelines and objectives stated herein. Such discretion includes decisions to buy, hold or sell securities in amounts and proportions reflective of the manager's current investment strategy and compatible with the investment objectives.
4. Initiating written communication with the Committee when the investment manager believes that this policy statement is inhibiting and/or should be altered. No deviation from the guidelines and objectives is permitted until after such communication has occurred and the Bishop has documented his approval.

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5. Complying with all provisions pertaining to the investment manager's duties and responsibilities as a fiduciary, Investment Funds' assets should be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent professional investment manager, acting in a like capacity and familiar with such matters, would use in the investment of Investment Funds' assets.
 6. Using best efforts to ensure that portfolio transactions are placed on a "best execution" basis.
 7. Exercising ownership rights, where available, through proxy voting, doing so strictly for the economic benefit of the Investment Funds.
 8. Adhering to the Guidelines for Responsible Investing shown in Appendix IV.
 9. Investment managers managing investments totaling \$10 million or more shall meet with the Committee quarterly. Other investment managers will meet with the Committee at its request.
 10. Acknowledging in writing to the Committee the investment manager's intention to comply with this Statement as it currently exists or as modified in the future.
 11. Acknowledging in writing to the Committee any changes in investment personnel.

Investment Consultant

Should the Committee elect to do so, investment consultants may be retained. Investment consultants are expected to provide a knowledgeable, unbiased and independent service to the Committee. Investment consultants shall not hesitate to advocate their views on investment matters discussed by the Committee. The duties and responsibilities of Investment consultants retained by the Committee include:

1. Monitor the performance of investment managers to provide the Committee with the ability to determine progress toward the investment objectives stated in this policy. Quarterly reports evaluating investment manager performance will be provided to the Committee.
2. Advise the Committee on asset allocation, manager or fund selection, establishment of benchmarks and other general investment matters.
3. Gather, analyze and summarize data for presentation to the Committee in an effort to educate the Committee regarding investment opportunities.
4. Assist in the annual review of this investment policy.
5. Conduct investment manager searches when requested by the Committee.
6. Attend all meetings of the Committee.

Custodian Bank(s)

In order to maximize the Investment Funds' return, no money should be allowed to remain idle. Dividends, interest, proceeds from sales, new contributions, and all other monies are to be invested or reinvested promptly.

The custodian bank(s) will be responsible for performing the following functions:

1. Accept instructions from designated Fiscal Office staff.
2. Advise designated staff of changes in cash equivalent balances.

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3. Immediately advise designated Fiscal Office staff of additions or withdrawals from account.
 4. Notify investment managers of proxies, tenders, rights, fractional shares or other dispositions of holdings.
 5. Resolve any problems that designated Fiscal Office staff may have relating to the custodial account.
 6. Safekeeping of securities.
 7. Collection of interest and dividends.
 8. Daily cash sweep of idle principal and income cash balances.
 9. Processing of all investment manager transactions.
 10. Collection of proceeds from maturing securities.
 11. Disbursement of all income or principal cash balances as directed.
 12. Providing monthly statements by investment account and a consolidated statement of all assets.
 13. Working with the investment consultant and the Investment Funds' accountant to ensure accuracy in reporting.
 14. Provide written statements revealing monthly reconciliation of custody and investment managers' accounting statements.

CONFLICT OF INTEREST

It is the policy of the Committee to avoid conflicts of interest in its operations and in the selection of investment managers or funds. Therefore, members of the Committee shall not have a pecuniary relationship in any manager or fund being considered. No independent investment consultants retained by the Committee, or any entity, in which such consultants may have an interest, shall be a party to any transaction with, or have a financial or other interest in, any investment manager providing services to the Committee.

Investment of monies in an investment manager's company or affiliated company mutual funds required Committee approval. In approving such investments, the Committee's due diligence requires confirmation from the investment manager that purchase of such mutual funds provides access to securities that may otherwise be prohibitive, and warrant inclusion within the portfolio's stated investment objective.

POLICY REVIEW

It is the intent of the Committee to propose to the Bishop revisions to the Statement of goals and objectives to reflect modifications and revisions to the Investment Funds that may develop from time to time. It is also the policy of the Committee to review these goals and objectives at least once per year. Proposed revisions to the Statement shall be recommended by the Committee to the Bishop for his consideration. Changes to the Statement approved by the Bishop shall be communicated to the Diocesan Fiscal Officer, who will be responsible for informing the Committee, investment managers, investment consultants (if any are retained), and custodian bank(s) of such changes.

The investment managers and investment consultants are expected to notify the Committee when, in their judgment, they believe it is appropriate to modify the Statement.

IMPLEMENTATION

All monies invested for the Investment Funds by its investment managers after the adoption of this Investment Policy shall conform to this policy.

APPENDIX G-I

The Diocese of Ogdensburg Investment Fund

SUB-ACCOUNT ASSET ALLOCATION GUIDELINES

In order to have a reasonable probability of consistently achieving the Investment Funds' return objectives the Committee has adopted the asset allocation policy outlined below.

The Committee will review asset allocation at the end of the calendar quarter.

Note 1: The Overall Target allocation represents the overall target among all investment managers in the portfolio. The Permissible Range represents the allowable allocation for each specific investment manager. The Target Benchmark represents the benchmark for the investment manager responsible for the Asset Class.

Lay Employees' Retirement Plan			
Asset Class	Overall Target	Target Ranges	Target Benchmark
US Equity	45%	36%-54%	50% Wilshire 5000 Index
Non-US Equity	15%	12%-18%	10% EAFE Index
Fixed	30%	20%-40%	30% Barclays Aggregate Bond Index
Emerging Markets	5%	0-10%	5% MSCI Emerging Markets Index
US Direct Real Estate	5%	0-10%	5% NCREIF Index

Priests' Pension Plan			
Asset Class	Overall Target	Target Ranges	Target Benchmark
US Equity	45%	36%-54%	40% Wilshire 5000 Index
Non-US Equity	15%	12%-18%	15% EAFE Index
Fixed	30%	20%-40%	35% Barclays Aggregate Bond Index
Emerging Markets	5%	0-10%	5% MSCI Emerging Markets Index
US Direct Real Estate	5%	0-10%	5% NCREIF Index

Diocesan Trust Fund			
Asset Class	Overall Target	Target Ranges	Target Benchmark
US Equity	45%	36%-54%	50% Wilshire 5000 Index
Non-US Equity	15%	12%-18%	10% EAFE Index
Fixed	30%	20%-40%	30% Barclays Aggregate Bond Index
Emerging Markets	5%	0-10%	5% MSCI Emerging Markets Index
US Direct Real Estate	5%	0-10%	5% NCREIF Index

Endowed Care Cemeteries Fund			
Asset Class	Overall Target	Target Ranges	Target Benchmark
US Equity	45%	36%-54%	50% Wilshire 5000 Index
Non-US Equity	15%	12%-18%	10% EAFE Index
Fixed	30%	20%-40%	30% Barclays Aggregate Bond Index
Emerging Markets	5%	0-10%	5% MSCI Emerging Markets Index
US Direct Real Estate	5%	0-10%	5% NCREIF Index

Deposit & Loan Fund			
Asset Class	Overall Target	Target Ranges	Target Benchmark
US Equity	25%	20%-30%	30% Wilshire 5000 Index
Non-US Equity	10%	8%-12%	5% EAFE Index
Fixed	60%	40%-80%	60% Barclays Aggregate Bond Index
Cash	5%	0-10%	90 Day T-Bill

Charitable Gift Annuity Reserves			
Asset Class	Overall Target	Target Ranges	Target Benchmark
US Equity	25%	20%-30%	20% Wilshire 5000 Index
Non-US Equity	10%	8%-12%	5% EAFE Index
Fixed	60%	40%-80%	70% Barclays Aggregate Bond Index
Cash	5%	0-10%	90 Day T-Bill

EVALUATION BENCHMARK

The structure of the Investment Policy has been designed to maximize return with specified risk constraints. Furthermore, the structure allows the Investment Manager of those assets with longer time horizons to invest in securities with an increased potential for appreciation. The evaluation of each portfolio will be the following:

Lay Employees' Retirement Plan – 50% Wilshire 5000 Index, 10% EAFE Index, 30% Barclays Aggregate Bond Index, 5% Emerging Markets Index, 5% NCREIF Index.

Priests' Pension Plan – 40% Wilshire 5000 Index, 15% EAFE Index, 35% Barclays Aggregate Bond Index, 5% Emerging Markets Index, 5% NCREIF Index.

Diocesan Trust Fund – 50% Wilshire 5000 Index, 10% EAFE Index, 30% Barclays Aggregate Bond Index, 5% Emerging Markets Index, 5% NCREIF Index.

Endowed Care Cemeteries Fund – 50% Wilshire 5000 Index, 10% EAFE Index, 30% Barclays Aggregate Bond Index, 5% Emerging Markets Index, 5% NCREIF Index.

Deposit & Loan Fund – 30% Wilshire 5000 Index, 5% EAFE Index, 60% Barclays Aggregate Bond Index, 5% 90-day T-bill.

Charitable Gift Annuity Reserves – 20% Wilshire 5000 Index, 5% EAFE Index, 70% Barclays Aggregate Bond Index, 5% 90-day T-bill.

In addition to the blended benchmarks, comparative institutional benchmarks will be utilized to judge the relative performance of the Lay Employees' Retirement Plan, Priests' Pension Plan, Diocesan Trust Fund, and Catholic Cemeteries Fund.

These comparisons would include the Wilshire TUCS median, National Association of College and Business Officers' Study, and the Council on Foundations.

APPENDIX G-II

The Diocese of Ogdensburg Investment Fund

INVESTMENT MANAGER REPORTING REQUIREMENTS

As Necessary (based on occurrence)

1. Review of Organizational Structure
 - A. Organizational changes (i.e., ownership).
 - B. Discussion of any material changes to the investment process.
 - C. Departures/additions to investment staff.
 - D. Material changes in assets under management for the product managed on behalf of the Investment Funds and for total firm.

Quarterly

1. Reports should be in writing and delivered by the fifteenth (15th) business day following the end of the quarter.
2. Summary of Investment Guidelines
 - A. Discuss adherence to guidelines.
 - B. Comments, concerns, or suggestions regarding policy constraints, guidelines, etc.
3. Performance Review
 - A. Present total fund and asset class returns for last calendar quarter, year-to-date and fiscal year-to date, last year, last three years, last five years, last ten years and since inception versus designated benchmarks. Show both pre and post fee returns.
 - B. Discuss performance relative to benchmarks; provide attribution analysis which identifies returns due to allocation and selection decisions, as appropriate.
 - C. Provide portfolio characteristics relative to benchmark.
4. Provide Portfolio Holdings
 - A. Present book value and current market value.
 - B. List individual's securities by sector, asset class, or country, as appropriate.\
5. Other Comments or Information

Annually

1. Reports should be in writing and delivered by the fifteenth (15th) business day following the end of the year.

2. Review of Investment Process and Evaluation of Portfolio Management Process
 - A. Brief review of investment process.
 - B. Investment strategy used over the past year and underlying rationale.
 - C. Evaluation (in hindsight) of strategy's appropriateness.
 - D. Evaluation of strategy's success/disappointments.
 - E. Current investment strategy and underlying rationale.

The Diocese of Ogdensburg Investment Funds

INVESTMENT OBJECTIVES AND GUIDELINES FOR
MANNING & NAPIER ADVISORS, LLC

I. Objectives

A. Total return, net of fees, is expected to exceed the targeted benchmark shown in Appendix I and CPI + 5% over a rolling three to five-year period. Total Return will be compared to:

1. The total return for the Morningstar U.S. Balanced Universe, similar sized pooled asset results for investment portfolios with an investment of long-term growth, as well as the aggregate client index provided by the manager.
2. The total return for the Morningstar short-term U.S. Fixed Income Universe for investment portfolios with an objective of defensive growth.

B. Return objectives should be achieved without assuming undue risk. The risk - as measured by the standard deviation of returns - and the risk-adjusted return will be compared to:

1. The Morningstar U.S. Balanced Universe for investment portfolios with an objective of long-term growth.
2. The Morningstar short-term U.S. Fixed Income Universe for investment portfolios with an objective of defensive growth.

II. Guidelines

A. The manager is granted full discretion, within the guidelines described herein.

B. Eligible securities are equity securities traded in domestic and international markets, American Depository Receipts and other dollar denominated, domestically traded securities, exceeding those prohibited under the guidelines in Appendix IV.

-
- C. The manager is expected to be fully invested within the permissible range for each asset class stated in Appendix I; this notwithstanding, the Committee understands that some liquidity in the portfolio is necessary to facilitate trading, and does not place an explicit restriction on the holding of cash equivalents. The custodian bank Short Term Investment Fund (“STIF”) is an allowed investment, as are other cash equivalents, provided they carry an S&P rating of at least A1 or an equivalent rating.
- D. The portfolio weight of the securities of an individual issuer, excepting the U.S. government and U.S. government agencies, shall not exceed 5%. The Committee may authorize investment in a mutual fund in excess of 5% of an investment manager’s portfolio at any time provided the manager demonstrates the mutual fund provides access to a diverse swath of holdings that may otherwise be too expensive or inefficient to purchase within a portfolio of this size, and is able to adjust multiple aspects of the portfolio (i.e., sector allocation, duration, currency, etc.) to take advantage of/manage risk in the current environment and provides flexibility and a variety of holdings.
- E. Responsibility for the exercise of ownership rights including proxy solicitations is delegated to the manager. The manager is expected to vote all proxies and to summarize votes to the Committee as requested, but not less than annually.
- F. Setting stop loss orders for all equities upon acquisition of each equity and updated every three months thereafter. The stop orders price shall be set at 90% of the purchase price for newly acquired equities and 90% of the closing price on the day before the beginning of each quarter thereafter.
- G. Exceptions may be made to the foregoing general investment objectives and guidelines in the event of a readily evident national or global catastrophe that could cause severe adverse effects on the Funds’ assets. The agreement with the Financial Manager(s) should provide that the allocation of investments to protect the Funds’ asset value may be made by the Bishop/Diocesan Administrator without the approval of the Trustees or any advisory committees of the Diocese in the event of such a catastrophe. In such circumstances, portfolio protection strategy may include reallocation of investment assets into a cash position or the use of inverse equity funds or exchange traded funds to neutralize erosion of principal in diocesan funds.

The Diocese of Ogdensburg Investment Funds

INVESTMENT OBJECTIVES AND GUIDELINES FOR DIMENSIONAL FUND ADVISORS EMERGING MARKETS

I. Objectives

- A. Total return, net of fees, is expected to exceed the target benchmark shown in Appendix I over a rolling three to five-year period.
- B. Total return, net of fees, will be compared to the total return for the Morningstar Emerging Markets Universe.
- C. Return objectives should be achieved without assuming undue risk.

II. Guidelines

- A. The manager is granted full discretion, within the guidelines described herein.
- B. Other guidelines to be determined.
- C. The portfolio weight of the securities of an individual issuer, excepting the U.S. government and U.S. government agencies, shall not exceed 5%. The Committee may authorize investment in a mutual fund in excess of 5% of an investment manager's portfolio at any time provided the manager demonstrates the mutual fund provides access to a diverse swath of holdings that may otherwise be too expensive or inefficient to purchase within a portfolio of this size, and is able to adjust multiple aspects of the portfolio (i.e., sector allocation, duration, currency, etc.) to take advantage of/manage risk in the current environment and provides flexibility and a variety of holdings.
- D. Responsibility for the exercise of ownership rights including proxy solicitations is delegated to the manager. The manager is expected to vote all proxies and to summarize votes to the Committee as requested, but not less than annually.
- E. Exceptions may be made to the foregoing general investment objectives and guidelines in the event of a readily evident national or global catastrophe that could cause severe adverse effects on the Funds' assets. The agreement with the Financial Manager(s) should provide that the allocation of investments to protect the Funds' asset value may be made by the Bishop/Diocesan Administrator of the Diocese

without the approval of the Trustees or any advisory committees of the Diocese in the event of such a catastrophe. In such circumstances, portfolio protection strategy may include reallocation of investment assets into a cash position or the use of inverse equity funds or exchange traded funds to neutralize erosion of principal in diocesan funds.

The Diocese of Ogdensburg Investment Funds

***INVESTMENT OBJECTIVES AND GUIDELINES FOR
THE INVESTMENT FUND FOR FOUNDATIONS
REALTY OPPORTUNITY FUND***

I. Objectives

- A. Total return, net of fees, is expected to exceed the target benchmark shown in Appendix I over a rolling three to five-year period.
- B. Return objectives should be achieved without assuming undue risk.

II. Guidelines

- A. The manager is granted full discretion, within the guidelines described herein.
- B. Other guidelines to be determined.
- C. The portfolio weight of the securities of an individual issuer, excepting the U.S. government and U.S. government agencies, shall not exceed 5%. The Committee may authorize investment in a mutual fund in excess of 5% of an investment manager's portfolio at any time provided the manager demonstrates the mutual fund provides access to a diverse swath of holdings that may otherwise be too expensive or inefficient to purchase within a portfolio of this size, and is able to adjust multiple aspects of the portfolio (i.e., sector allocation, duration, currency, etc.) to take advantage of/manage risk in the current environment and provides flexibility and a variety of holdings.
- D. Responsibility for the exercise of ownership rights including proxy solicitations is delegated to the manager. The manager is expected to vote all proxies and to summarize votes to the Committee as requested, but not less than annually.
- E. Exceptions may be made to the foregoing general investment objectives and guidelines in the event of a readily evident national or global catastrophe that could cause severe adverse effects on the Funds' assets. The agreement with the Financial Manager(s) should provide that the allocation of investments to protect the Funds' asset value may be made by the Bishop/Diocesan Administrator of the Diocese without the approval of the Trustees or any advisory committees of the Diocese in the event of such a catastrophe. In such circumstances, portfolio protection strategy may include reallocation of investment

assets into a cash position or the use of inverse equity funds or exchange traded funds to neutralize erosion of principal in diocesan funds.

The Diocese of Ogdensburg Investment Funds

***INVESTMENT OBJECTIVES AND GUIDELINES FOR
CHRISTIAN BROTHERS
INVESTMENT SERVICES (CBIS)***

I. Objectives

- A. Total return, net of fees, is expected to exceed the targeted benchmark shown in Appendix I and CPI + 5% over a rolling three to five-year period. Total Return will be compared to:
1. The total return for the Morningstar U.S. Balanced Universe, similar sized pooled asset results for investment portfolios with an investment of long-term growth, as well as the aggregate client index provided by the manager.
 2. The total return for the Morningstar short-term U.S. Fixed Income Universe for investment portfolios with an objective of defensive growth.
- B. Return objectives should be achieved without assuming undue risk. The risk - as measured by the standard deviation of returns - and the risk-adjusted return will be compared to:
1. The Morningstar U.S. Balanced Universe for investment portfolios with an objective of long-term growth.
 2. The Morningstar short-term U.S. Fixed Income Universe for investment portfolios with an objective of defensive growth.

II. Guidelines

- A. The manager is granted full discretion, within the guidelines described herein.
- B. Eligible securities are equity securities traded in domestic and international markets, American Depository Receipts and other dollar denominated,

domestically traded securities, exceeding those prohibited under the guidelines in Appendix IV.

- C. The manager is expected to be fully invested within the permissible range for each asset class stated in Appendix I; this notwithstanding, the Committee understands that some liquidity in the portfolio is necessary to facilitate trading, and does not place an explicit restriction on the holding of cash equivalents. The custodian bank Short Term Investment Fund (“STIF”) is an allowed investment, as are other cash equivalents, provided they carry an S&P rating of at least A1 or an equivalent rating.
- D. The portfolio weight of the securities of an individual issuer, excepting the U.S. government and U.S. government agencies, shall not exceed 5%. The Committee may authorize investment in a mutual fund in excess of 5% of an investment manager’s portfolio at any time provided the manager demonstrates the mutual fund provides access to a diverse swath of holdings that may otherwise be too expensive or inefficient to purchase within a portfolio of this size, and is able to adjust multiple aspects of the portfolio (i.e., sector allocation, duration, currency, etc.) to take advantage of/manage risk in the current environment and provides flexibility and a variety of holdings.
- E. Responsibility for the exercise of ownership rights including proxy solicitations is delegated to the manager. The manager is expected to vote all proxies and to summarize votes to the Committee as requested, but not less than annually.
- F. Setting stop loss orders for all equities upon acquisition of each equity and updated every three months thereafter. The stop orders price shall be set at 90% of the purchase price for newly acquired equities and 90% of the closing price on the day before the beginning of each quarter thereafter.
- G. Exceptions may be made to the foregoing general investment objectives and guidelines in the event of a readily evident national or global catastrophe that could cause severe adverse effects on the Funds’ assets. The agreement with the Financial Manager(s) should provide that the allocation of investments to protect the Funds’ asset value may be made by the Bishop/Diocesan Administrator without the approval of the Trustees or any advisory committees of the Diocese in the event of such a catastrophe. In such circumstances, portfolio protection strategy may include reallocation of investment assets into a cash position or the use of inverse equity funds or exchange traded funds to neutralize erosion of principal in diocesan funds.

APPENDIX G-IV

GUIDELINES FOR RESPONSIBLE INVESTING

Statement of Principles

All human activity is to be judged in the light of how well it protects and fulfills the dignity of persons. Any activity that attacks or subordinates human persons as means to ends must be repudiated. “Respect for the human person entails respect for the rights that flow from his dignity as a creature. These rights are prior to society and must be recognized by it” *The Catechism of the Catholic Church* (CCC), 1930.

Economic activity concerns the supplying of human material needs and wants. Economic choices and institutions are to be judged by whether they protect or threaten the goods of persons. “The fundamental moral criterion for all economic decisions, policies, and institutions is this: They must be at the service of **all people, especially the poor**” *Economic Justice for All* (EJ), 24.

With social teachings grounded in the dignity of the human person, the Church seeks to apply these teachings to every institution and aspect of social life. To that end the Church seeks: a) to strengthen the family as the central institution of society, b) to affirm the right to life and those things necessary for human decency, c) to put the needs of the poor and vulnerable first, d) to respect the rights of workers, e) to practice solidarity with the whole human family, and f) to be good stewards of creation [cf. “Sharing Catholic Social Teaching: Challenges and Directions,” United States Catholic Conference, 1998, pp.4-5].

In its investments, the Roman Catholic Diocese of Ogdensburg will direct that its investments be managed in accord with principles of morality rooted in Catholic belief. Investing involves the application of the principles of cooperation. Catholic moral teaching distinguishes direct or formal cooperation in evil from indirect or material cooperation. Formal cooperation in evil is one with the intention of the evildoer and as such, is always wrong. In material cooperation, the cooperator intends a good act that indirectly gives material support to an evil agent. Such cooperation can be justified for a proportionate reason, that is, where the harmful consequences do not exceed the good consequences. The more proximate the material cooperation, the greater must be the good consequences to justify it.

The Diocese of Ogdensburg will seek to provide guidance and example in applying the Catholic Church’s moral teaching to the production and practices of companies. Through its shareholding, the Diocese will also seek to influence corporate decisions that affect the common good. Through divestment, the Diocese will seek to separate itself from involvement with products and practices deemed significantly immoral.

Policies

In the light of the moral and social teaching of the Catholic Church, the Diocese of Ogdensburg directs that its investments are to be formulated and maintained in accord with the following policies. These applications are based in part on the 1991 “Socially Responsible Investment Guidelines”, revised in 2003 of the National Conference of Catholic Bishops. In making application of the following policies, the Diocese will utilize material published by the *Social Investment Research Service (SIRS)*, and other appropriate sources which make possible the application of principles of Catholic moral teaching.

Investment managers for the diocese are responsible for implementing the provisions of these policies. It is expected that they will utilize screening services available from third party sources, such as *SIRS*, applying them to the investments of the Diocese in keeping with these policies. Managers shall refer investments deserving further consideration to the Investment Advisory Committee. However, the Investment Advisory Committee retains the right to review all diocesan investments and make decisions regarding the appropriateness of each.

Abortion

We will not invest in companies whose activities include direct participation in or support of abortion.

Affordable Housing

We will not deposit funds in a financial institution that receives less than a “satisfactory” rating from federal regulatory agencies under the Community Reinvestment Act.

Contraception

We will not invest in companies which manufacture contraceptives or devise a significant portion of its revenue from the sale of contraceptives, even if they do not manufacture them.

Discrimination

We will not invest in companies whose policies are found to be discriminatory against women or racial minorities.

Environment

The diocese shall support and promote shareholder resolutions which direct or encourage companies to protect the environment.

Gaming

We will not invest in companies which obtain significant revenue from casino gambling or the production or distribution of related equipment.

Pornography

We will not invest in companies which have significant involvement in the production or distribution of pornography.

Tobacco

We will not invest in companies which derive significant revenue from the manufacture or distribution of tobacco products, including products associated with vaping with electronic cigarettes.

Weapons

We will not invest in companies primarily engaged in military weapons production or the development of weapons inconsistent with Catholic teaching on war (e.g., biological and chemical weapons, arms designated or regarded as first-strike nuclear weapons, indiscriminate weapons of mass destruction, etc.), or whose major source of income is derived from offensive weapons. We will not invest in companies that are directly involved in the manufacture, sale or use of anti-personnel landmines.

Work Place Safety

The diocese shall actively promote and support shareholder resolutions directed toward avoiding the use of sweatshops in the manufacture of goods. The diocese shall promote and support shareholder resolutions to promote generous wage and benefit policies and adequate worker safety guidelines.

Embryonic Stem Cell/Human Cloning:

We will not invest in companies that engage in scientific research on human fetuses or embryos that (1) results in the end of pre-natal human life; (2) makes use of tissue derived from abortion or other life-ending activities; (3) violates the dignity of the human person. Specific activities covered in this policy will include: (a) embryonic stem cell research; (b) fetal tissue research or stem cell research derived from embryos; (c) human cloning.

* * * * *

Exclusion on the basis of *SIRS* ratings or those of other similar services will not be applied to companies which are not graded by the agency.

As a diocese we are seeking to exercise leadership in applying Catholic moral principles to our investment portfolios. By doing so we hope to remove ourselves as much as possible from participating in products and practices that we understand to be wrong. We recognize, however, that an investor's moral accountability is complex.

On the matter of pooled investments or mutual funds, the principles of moral cooperation must be applied. There may never be direct or formal cooperation with evil actions, but where ownership is indirect and the cooperation material and remote, as is the case with many commingled investments, then investment may be acceptable for the economic opportunity it offers. Pooled investments in sectors that have a significant proportion of companies with morally unacceptable products or practices should be avoided. Investments in companies in developing countries and emerging markets may present more difficulties for our assessment because of a lack of screening mechanisms to apply to them, but the same principles of cooperation apply. Moreover, our investing in emerging markets can have the benefit of helping

the generally poorer populations of the developing countries to take their rightful place in the world economy.

Some may be concerned that there is a lack of consistency in application of the moral principles of the Church when U.S. government bonds and notes are purchased for our portfolios even though our government is engaged in activities which are contrary to the teachings of the Church, such as the promotion of abortion or the production or potential use of particular weapons. Direct participation in a morally objectionable act is incurred when one is a willing owner of an entity responsible for such activity. The same criterion is not met in the case of lending money to the government through the purchase of bonds. Nevertheless, the values remain in conflict. In light of the fiduciary responsibility the Diocese has toward the People of God in the North Country and those who benefit from the use of its financial resources, and by virtue of the absence of direct participation in works of the government to which we object, the Diocese will continue to allow government bonds and notes to be purchased for its accounts.

Addendum 1

Some of the Church's specific moral teachings that bear upon a moral appraisal of the products and activities of companies are as follows (all quotations are from *The Catechism of the Catholic Church*):

God alone is the Lord of life from its beginning until its end; no one can under any circumstance claim for himself the right directly to destroy an innocent human being. (2258)

The legitimate defense of persons and societies is not an exception to the prohibition against the murder of the innocent that constitutes intentional killing. (2263)

Human life must be respected and protected absolutely from the moment of conception. From the first moment of his existence, a human being must be recognized as having the rights of a person--among which is the inviolable right of every innocent being to life. (2270)

Direct euthanasia consists in putting an end to the lives of handicapped, sick, or dying persons. It is morally unacceptable. (2277)

It [pornography] offends against chastity because it perverts the conjugal act, the intimate giving of spouses to each other. It does grave injury to the dignity of its participants (actors, vendors, the public, etc.), since each one becomes an object of base pleasure and illicit profit for others. (2354)

Every action which, whether in anticipation of the conjugal act, or in its accomplishment, or in the development of its natural consequences, proposes, whether as an end or as a means, to render procreation impossible is intrinsically evil. (2370)

In the beginning God entrusted the earth and its resources to the common stewardship of mankind to take care of them, master them by labor, and enjoy their fruits. The goods of creation are destined for the whole human race. (2402)

The **right to private property**, acquired by work or received from others by inheritance or gift, does not do away with the original gift of the earth to the whole of mankind. The **universal destination of goods** remains primordial, even if the promotion of the common good requires respect for the right to private property and its exercise. (2403)

Any system in which social relationships are determined entirely by economic factors is contrary to the nature of the human person and his acts. (2423)

A system that “subordinates the basic rights of individuals and of groups to the collective organization of production” is contrary to human dignity. Every practice that reduces persons to nothing more than a means of profit enslaves man, leads to idolizing money, and contributes to the spread of atheism. (2424)

Those **responsible for business enterprises** are responsible to society for the economic and ecological effects of their operations. They have an obligation to consider the good of persons and not only the increase of **profits**. Profits are necessary, however. They make possible the investments that ensure the future of a business and they guarantee employment. (2432)

Charity and respect for the truth should dictate the response to every **request for information or communication**. (2489)

Christian purity requires a **purification of the social climate**. It requires of the communications media that their presentations show concern for respect and restraint. (2525)

The tenth commandment forbids **greed** and the desire to amass earthly goods without limit. It forbids **avarice** arising from a passion for riches and their attendant power. It also forbids the desire to commit injustice by harming our neighbor in his temporal goods.

APPENDIX H – Real Property Tax Exemptions

QUESTIONS and ANSWERS

What are the basis for real property tax exemptions in New York State, and what are the filing requirements and procedures to obtain the exemption?

DISCUSSION

I.

CHURCHES, SCHOOLS & CONVENTS

RPTL § 420-a.

Real Property Tax Law (RPTL) § 420-a grants an exemption from real property taxes for real property that is (1) owned by a nonprofit corporation or association organized and conducted exclusively for one or more of the following purposes: religious, educational, charitable, hospital or the moral or mental improvement of men, women or children; and (2) used exclusively for carrying on one or more these specified purposes. RPTL § 420-a provides that such premises are wholly exempt from taxation and is exempt for certain purposes from special ad valorem levies and special assessments.

CALCULATION OF THE EXEMPTION.

Property described in RPTL § 420-a, which for our purposes includes primarily church buildings, Catholic schools, Catholic nursing homes, and convents, wholly exempts the property from General Municipal and School District taxes. Additionally, the exemption applies to all levies and assessments imposed by counties, county special districts, towns and town special districts, EXCEPT (1) charges levied to pay for the capital costs of sewer systems, water supply systems, waterways and drainage improvements and streets and highways, and (2) special assessments for indebtedness contracted before July 1, 1953. The exemption does not apply to

special assessments imposed by cities and villages. A common example of such special assessments would be an assessment for a trash and waste district in a village. If the village picks up the trash or contracts to have the trash picked up for its residents, the church property would be assessed its share of the cost.

CODING OF THE EXEMPTION ON THE ASSESSMENT ROLL.

The property exempt under RPTL § 420-a will be identified on the tax roll as 25110 if it is a religious corporation. Catholic Schools would properly be coded 25110, but may be coded as educational institutions under the number 25120. Schools are most properly identified as religious organizations, since the owner is the parish or parishes who operate the school. Other codes include charitable organizations (25130), hospital organizations (25210), or moral and mental improvement organization (25230). These codes relate to properties exempt under this section only, and should not be used for properties exempt under RPTL § 462 (clergy residence).

FILING REQUIREMENTS.

To obtain an exemption granted by RPTL 420-a, the owner should file a Form RP-420a or a comparable application. The RP 420-a form is prescribed by the State Board of Real Property Services for the purpose of applying for the exemption under this section. If the owner fails to file the proper form, the assessor may nonetheless grant the exemption after personally inspecting the premises and certifying in writing that the property satisfies the requirements of the exemption. *See Assessor's Manual*, Office of Real Property Services, § 4.05. Although the statute does not require the filing of the form RP 420-a to obtain the exemption, for administrative ease it is

suggested that the form be filed. *See Kahal Bnei Emunim & Talmud Torah Bnei Simon Israel v. Assessor*, 78 N.Y.2d 194 (1991).

Form RP 420-a/b Rnw-1 should be filed each succeeding year to certify that there has been no change in the use of the property. The renewal forms are issued by the assessor each year and are mailed to the landowner. In many small municipalities, the assessor may choose not to send out the renewal forms, but may simply certify that he knows the use of the property has not changed. *See St. Agnes Church v. Daby*, 148 A.D.2d 31 (3rd Dept., 1989). The fact that the property is shown as exempt on the tax roll for the next year is sufficient.

II.

RECTORIES & HOUSING FOR CLERGY

RPTL § 462 authorizes an exemption from real property taxes for property owned by a religious organization while the property is actually being used by the officiating clergyman of that organization for residential purposes. The Office of Real Property Services takes the position that even though the owner of such property may be a religious organization whose organizational purposes and activities make it eligible for exemption under RPTL 420-a, the taxable status of a rectory is governed by RPTL 462 and not RPTL 420-a. *See ORPS, Exemption Administration Manual*, at 4.05. However, case law demonstrates that the exemptions of RPTL 420-a and 462 can be applied to portions of the same rectory depending on the use of the portion of the property. *Haptelah v. Assessor of Town of Fallsburg*, 79 N.Y.2d 244 (1992). For example, the parish office located in the rectory may be exempt under RPTL 420-a, even though the rest of the rectory is used for residential purposes and is exempt under RPTL 462.

CALCULATION OF THE EXEMPTION.

Real property exempt under RPTL 462, which includes rectories occupied by priests or deacons for our purposes, is exempt from General Municipal and School District taxes, but is not exempt from special ad valorem levies or special assessments, whether the taxing jurisdiction is a county, city, town, village or special district.

EXEMPTION CODE.

Rectories exempt under RPTL 462 should be coded 21600 on the assessment roll of the municipality in which it is located. Again, portions may be listed under RPTL 420-a and be coded 25110 and other portions may be coded 21600.

FILING REQUIREMENTS.

The exemption under RPTL 462 requires a Form RP 462 (with appropriate attachments) be filed by the owner in order to receive the exemption. The filing requirement is set forth in the statute itself, unlike RPTL 420-a. The assessor still has the power to list the property as exempt if he has personal knowledge that it meets the requirements of the exemption, but he is not required to do so if the application is not filed by the property owner.

A renewal application must be filed each year. This process is initiated by the assessor. The assessor should mail the required renewal form to all applicants well in advance of the taxable status date (generally March 31). Each organization should submit the completed forms to the assessor before the taxable status date. If an organization fails to timely file the forms, the assessor will most likely contact the organization and remind it of the necessity of filing the forms. *See ORPS, Instructions to Assessors.* If the organization still fails to file the forms, the assessor may

list the property as taxable on the assessment roll. In such an instance, the organization would be forced to seek the exemption from the board of assessment review or the courts.

III.

RESIDENCES OCCUPIED BY PERSON

NOT CLERGY BUT WHO IS A PERSON WHOSE FULLTIME PRESENCE IS ESSENTIAL TO THE CORPORATE PURPOSES.

RPTL 462 grants an exemption only where the resident is a clergyman. However, rectories are not the only residences entitled to a real property tax exemption. Convents have been held to be tax exempt under RPTL 420-a. See *St. Barbara's Roman Catholic Church v. City of New York*, 243 A.D. 371 (2nd Dept., 1935). The reasoning of the court in that decision was that the convent was occupied by religious sisters who taught in the parish school, a role necessary for the completion of religious purposes of the parish, and a presence necessitated by such purpose.

The exemption under RPTL 462 was denied where the choir director was allowed to reside in the parish owned house. *Holy Trinity Orthodox Church of East Meadow v. O'Shea*, 186 Misc.3d 880 (Sup. Ct., Nassau Co., 2001). The court denied the exemption under RPTL 462 because the choir director was not an officiating clergyman (i.e. he could not conduct weddings or funerals). The court, however, granted the exemption under RPTL 420-a because the residential use of the building was incidental to a variety of religious activities that took place in the building. This will be discussed below.

Summer camps operated by religious organizations are exempt under RPTL 420-a. *Gospel Volunteers, Inc. v. Village of Speculator*, 29 N.Y.2d 622 (1971). Property used for residential purposes is entitled to the tax exemption where such use is necessary to carry out the purpose of

the corporation. *St. Luke's Hospital v. Boyland*, 15 A.D.2d 776 (1st Dept., 1962). Faculty houses for religious or moral improvement organization schools would fit into that category as well. *Pratt Institute v. Boyland*, 16 Misc.2d 58 (Sup. Ct., Kings Co., 1958).

From the foregoing, the key issues in determining whether a residence owned by a religious corporation may be granted an exemption under RPTL 420-a is (1) the purposes of the organization owning the property qualify for the exemption and (2) that the residential use is incidental to the religious purpose, i.e. that the primary purpose is religious and not residential. 10 Op. Counsel SBRPS No. 38; *see also Holy Trinity Orthodox Church v. O'Shea, supra*. For example, a building used to house visiting nuns at a religious shrine was a use incidental to the shrine's religious work, i.e. promoting and disseminating knowledge of the work of the first missionaries to the Indians who labored and died around Auriesville and to organize pilgrimages to the shrine located at that site, was tax exempt. *Shrine of Our Lady of the Martyr's of Auriesville, NY v. Bd. of Assessment Review of the Town of Glen*, 54 Misc.2d 145 (Sup., Ct., Montgomery Co., 1967). Portions of a religious corporation's property used for residential purposes who are necessary and incidental to the facility's primary purpose is tax exempt. *Hapletah v. Assessor of Town of Fallsburg*, 79 N.Y.2d 244 (1992)(where the lack of housing accommodations to staff would undermine the corporate purpose, such housing is exempt).

APPENDIX I – Deposit & Loan Fund Agreement

DIOCESE OF OGDENSBURG DEPOSIT & LOAN FUND TERMS & CONDITIONS

The Diocese of Ogdensburg hereby establishes its Deposit & Loan Fund (“Fund”) upon the terms and conditions set forth herein.

1. Name of Fund: The name of this fund shall be the Diocese of Ogdensburg Deposit & Loan Fund.
2. Purpose: The Fund is created and shall be operated exclusively for the benefit of the parishes, institutions and entities of the Diocese of Ogdensburg which are qualified as federally tax exempt entities by virtue of Section 501(c)(3) of the Internal Revenue Code of 1986 as amended or corresponding provision of any applicable future United States Internal Revenue law (hereinafter referred to as the “Code”). Moneys received by this Fund are received by the Fund Custodian and restricted for the purposes contained herein. No part of the net earnings of this Fund shall inure or be payable to or for the benefit of any private individual. Notwithstanding any other provisions of this Agreement, this Fund shall not conduct or carry on any such activities not permitted to be conducted or carried on by any organization which is tax exempt or by an organization to which donations are deductible from taxable income to the extent allowed by the Code.
3. Fund Assets: The Fund may receive and accept moneys from any corporations, associations or entities affiliated with the Diocese of Ogdensburg, approved by the Bishop, and listed in the *Kenedy Directory* (“eligible depositors”) in accordance with and pursuant to provisions of the Fund. Moneys received and accepted by this Fund shall be held by the Diocese for investment for the depositor. Deposits shall remain the property of the depositor. Deposits to the fund are guaranteed as to both principal and interest by the Diocese of Ogdensburg. A Deposit Account Agreement (see Appendix I-1) shall be executed at the time a new depository account in the Fund is established. Subsequent deposits or requests for withdrawals from a depository account shall be made in writing using a form approved by the Diocese (see Appendix I-2). Net assets (fund balance) of the Fund are the property of the Diocese of Ogdensburg.
4. Use of Funds: Moneys received from eligible depositors shall be held and invested by the Diocese for the benefit of depositors. Moneys are invested under the guidelines of the Diocese of Ogdensburg’s *Investment Policy Statement*. It is noted that the Investment Advisory Committee of the Diocese of Ogdensburg oversees all investment portfolios on behalf of the diocese, including that of the Fund, to insure compliance with established diocesan policy. At the discretion of the Diocese, moneys held herein may be temporarily used for the benefit of other eligible depositors in the form of loans. All such loans to eligible depositors shall be evidenced by a subvention agreement showing, *inter alia*, the principal amount loaned, interest rate, date of the loan, and the name of the borrower.

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5. Interest on Deposits: Interest will be paid or reinvested quarterly on or before the 20th day of the month subsequent to the end of the quarter. Quarters end on March 31, June 30, September 30 and December 31. The interest rate to be paid on deposits shall be determined by the Diocese, and is subject to change at the discretion of the Diocese.
 6. Loans: Eligible depositors of the Fund may request a loan to assist it in meeting cash flow needs for operations, site/building repair or renovation, capital purchases or capital construction. A loan request must be made in writing using the loan application authorized by the Diocese (see Appendix I-3). Upon approval of the loan by the Diocese, moneys shall be made available to the borrower upon execution of a Subvention Agreement (see Appendix I-4) by the borrower and the Diocese. The interest rate to be charged to borrowers shall be determined at the discretion of the Diocese. The interest rate is subject to change during the loan term at the discretion of the Diocese. Quarterly principal and interest payments shall be made to the Fund by the borrower no later than January 31, April 30, July 31 and October 31. The loan term shall be ten years, except for loans issued for the purchase of a motor vehicle for which the loan term shall be five years. Simple interest shall be calculated on the loan principal in determining the quarterly amount due the Fund by the borrower. Advance repayment of loan principal may be made at the option of the borrower or at the direction of the Diocese pursuant to the terms of the Subvention Agreement.
 7. Loan Default: Should a borrower default on a loan the Diocese of Ogdensburg shall be liable for repayment of the principal and interest balance due the Fund. To protect its interests, the Diocese may use some or all of the Fund's net assets to establish a Reserve for Uncollectible Accounts.
 8. Reporting: The Fund shall distribute statement of accounts to all Fund depositors and borrowers on a quarterly basis no later than January 31, April 30, July 31 and October 31.
 9. Forms of Payment: Moneys transferred into or out of the Fund may be performed by check or electronically, at the direction of the parish or institution.
 10. Fund Advisory Committee: A Fund Advisory Committee ("Committee") consisting of three to five members shall be established upon execution of the Agreement. The Moderator of the Curia, the Chancellor, and the Diocesan Fiscal Officer shall serve as ex-officio members of the Committee. Other members shall be appointed by the Diocesan Bishop should he so desire. The Committee shall be responsible for general oversight of the Fund, to include: (a) review of quarterly financial statement; (b) review of loan applications and recommendation to the Diocese for approval/denial of loan requests; (c) recommendation to Diocese for changes in the interest rate paid to depositors and the interest rate charged to borrowers; (d) recommendations for amendments to the Agreement and Terms & Conditions to the Diocese; (e) other duties as assigned by the Diocesan Bishop. No Committee member shall be personally liable for any action taken in good faith on behalf of the Fund.

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11. Amendment: These Terms and Conditions may be amended or modified from time to time by the Diocese whenever necessary or advisable for the more convenient or efficient administration of this Fund. No such amendment shall alter the intention of the Diocese that this Fund be operated exclusively for religious purposes. Every amendment or modification of these Terms and Conditions shall be made in writing, and shall be distributed to all participants in the fund.

**DIOCESE OF OGDENSBURG
DEPOSIT & LOAN FUND
DEPOSIT ACCOUNT AGREEMENT**

You, the depositor, and the Diocese of Ogdensburg agree to the terms and conditions of this agreement as evidenced by the execution of the agreement or by you making a deposit into the Deposit & Loan Fund (“Fund”). All transactions relating to the Deposit & Loan Fund are subject to the terms and conditions set forth in the Deposit & Loan Fund agreement. By entering into this agreement or by depositing your funds into the Deposit & Loan Account, you agree to the terms and conditions set forth in the Deposit & Loan Fund agreement, which are hereby incorporated by reference herein. The pronouns “you” and “your” shall mean the entity in whose name the account is carried. The pronouns “we” and “us” shall mean the Diocese of Ogdensburg.

We may change this Deposit Account Agreement or any other agreements, or change the terms and conditions of our deposit accounts at any time. You will be notified when a change to any agreement governing this account is made. Changes in the interest rate or method of computation may be made at any time without delayed effect or notice to you. Your continued use of your account constitutes your agreement to any such changes.

In receiving moneys for deposit we act only as Fund Custodian and assume no responsibility beyond the exercise of ordinary care. Moneys will only be accepted by a check or an electronic funds transfer directly from the depositor. A properly completed deposit form must accompany each deposit received by us from you.

A statement of your account will be prepared for you at the time of deposit, on a quarterly basis upon payment of interest to you, and at the end of the fiscal year. Statements will be mailed to your last address on file with us. You should examine the statement of your account as soon as it is available to you. If you believe that there is an error on your statement you should contact the Senior Accountant in the Diocesan Fiscal Office.

We intend to let you withdraw your money from your account upon demand upon filing a properly executed withdrawal form with the Diocesan Fiscal Office. We reserve the right not to process a withdrawal request if the stated purpose of the withdrawal is either contrary to diocesan policy/practice or requires you to file additional supporting documentation with us. Moneys approved for withdrawal shall be distributed to you by check unless you provide us written approval to electronically transfer funds to one of your bank accounts.

All transactions must be in U.S. dollars.

By execution of this agreement you acknowledge that you are informed that moneys deposited into the Fund are pooled with funds of other diocesan entities for investment purposes. The investment of the funds will be managed as per the Diocese of Ogdensburg Deposit & Loan Fund Agreement.

Also, by execution of this agreement you acknowledge that you are informed that pooled moneys in the Fund may be loaned to eligible depositors at their request and with the approval of the Diocesan Bishop or his designee.

Moneys deposited shall remain your property. Deposits in the Fund are guaranteed as to both principal and interest by the Diocese of Ogdensburg.

IN WITNESS WHEREOF, the parties have caused this agreement to be signed this _____ day of _____, 20__.

ROMAN CATHOLIC DIOCESE OF
OF OGDENSBURG, NEW YORK

NAME OF PARISH OR ENTITY

By: _____
The Roman Catholic Diocese
of Ogdensburg

By: _____
Pastor/Administrator
Depositor

DIOCESAN DEPOSIT & LOAN FUND

Deposit

Withdrawal

Purpose of Withdrawal: _____

DEPOSITOR'S NAME:

For Electronic Transfer of Funds:

DEPOSITOR'S ADDRESS:

Routing# _____

Account# _____

AMOUNT: \$ _____

Bank Name _____

Please deposit the enclosed check as indicated below:

Please process the following withdrawal:

ACCOUNT #	ACCOUNT NAME	AMOUNT
		\$
		\$
		\$

Upon receipt of your deposit or upon completion of your withdrawal, a statement will be sent to you for your records.

AUTHORIZED BY: _____
(Pastor, Principal, Administrator)

DATE: _____

If making a deposit, please mail this form with check to: Diocese of Ogdensburg, Attn: Fiscal Office, PO Box 369, Ogdensburg, NY 13669.

If you want another account opened, do not use this form. Please submit the deposit with a letter requesting a new account. In the letter, indicate the account name wanted and the purpose of the account. The deposit will be made to the new account and a new deposit form which will include your new account will be sent to you for future deposits.

Additional Comments: _____

**DIOCESE OF OGDENSBURG
DEPOSIT & LOAN FUND
LOAN APPLICATION**

Applicant (Legal Name of Parish/Institution):

Dollar Amount of Loan Request: _____

Purpose:

Means of Loan Repayment:

**Statement of Financial Condition for the Past Three Fiscal Years (as per page 6 of the
Annual Parish financial Report):**

Fiscal Year Ended June 30:	_____	_____	_____
Current Assets	_____	_____	_____
Current Liabilities	_____	_____	_____
Current Net Worth	_____	_____	_____

Pastor/Administrator Signature: _____

Date: _____

Recommended for: ____ Approval ____ Denial

Recommended Repayment Term: _____

Fund Advisory Committee Chairperson: _____

____ Approved ____ Denied by Bishop/Designee _____

DEPOSIT & LOAN FUND - SUBVENTION CERTIFICATE

Issuing Corporation: «Issuing_Corporation» Certificate Number: «Certificate_Number»
Amount: \$«Amount»

Purpose of Subvention: «Purpose_of_Subvention»

(«Issuing_Corporation»), the issuer of this subvention certificate, a New York Religious Corporations Law Corporation, is a Type B corporation pursuant to Section 2-b of the Religious Corporations Law. As such, («Issuing_Corporation») is subject to the subvention provisions of the New York Not-for-Profit Corporation law.

This Subvention Certificate is issued to the ROMAN CATHOLIC DIOCESE OF OGDENSBURG (the Holder).

The amount of the subvention evidenced by this subvention certificate is «Amount_Written_Out» dollars (\$«Amount»). The interest on the amount of the subvention certificate shall be the rate established by the Diocese of Ogdensburg during the term of the certificate and is subject to change. The current interest rate is five percent (5%) per annum.

A minimum annual principal payment amounting to 10 percent of the original subvention amount of this certificate is to be made in QUARTERLY INSTALLMENTS of \$«Quarterly_Installments», payable on the first day of January, April, July and October, with the first payment scheduled «First_Payment». Interest on the outstanding balance of the subvention certificate shall also be paid with the quarterly principal payment. In the event that the entire quarterly principal and interest payment due is not submitted payment shall be applied first on the interest due, with the remainder applied as a reduction of the principal.

This certificate is redeemable, in whole or in part, at the option of the Holder upon the affirmative showing that the financial condition of the Issuing Corporation will permit the required payment to be made without impairment of the Issuing Corporation's operations or injury to its creditors. The Issuing Corporation shall make payments toward the total obligations contained in this subvention certificate when possible out of its Operating Surpluses or Extraordinary Revenues.

Signed by the Corporation's duly authorized officer, the pastor/administrator, this ____ day of _____, 20__.

The Roman Catholic Diocese
of Ogdensburg

Pastor/Administrator
(Name of Issuing Corporation)

Deposit & Loan Fund No. _____

APPENDIX J – Record Retention Policy

The *Parish Records Retention Policy* represents the period of time that records must be kept according to legal and/or diocesan requirements.

This document covers retention schedules for seven different groups of parish records:

- | | |
|-----------------------------|-----------------|
| A. Sacramental | E. Property |
| B. Administrative | F. Cemetery |
| C. Personnel | G. Publications |
| D. Financial and Accounting | |

Within each group different series are listed followed by a retention period. Records older than the retention period should be destroyed. Those of permanent value should be stored appropriately. Although a majority of types of records that a parish produces have been listed not all will be, if so than a parish should locate a similar record series in the list and apply that retention period.

A. Sacramental Records

Record Type	Retention Period
Baptism Register	Permanent
Confirmation Register	Permanent
First Communion Register	Permanent
Death Register	Permanent
Marriage Register	Permanent
Marriage case files	Permanent

B. Administrative Records

These records are produced in the course of the management of the affairs of the parish.

Record Type	Retention Period
Abstracts, deeds (<i>property</i>)	Permanent
Annual reports to Chancery (<i>Status Animarum</i>)	Permanent
Annual reports to the parish	Permanent
Articles of incorporation & bylaws	Permanent
Bequest and estate papers (<i>wills</i>)	Permanent
Census records	Permanent
Contacts, inactive	7 years after end of contract
Correspondence, legal	Permanent
Correspondence, official (<i>Re: Parish policies, diocesan directives, etc.</i>)	Permanent
Correspondence, routine	Review/discard annually
Donor lists	Permanent
Endowment decrees	Permanent

Finance Council minutes	Permanent
Historical file (<i>Newspaper clippings, photos, etc. related to parish</i>)	Permanent
Insurance policies	Permanent
Inventories of property & equipment	Permanent
Leases	7 years after expiration
Liturgical minister's schedules (<i>Altar servers, ushers, lectors, etc.</i>)	Retain until superseded
Mass intention books	2 years
Office files, subject	Selective retention – Retain Those that document parish Administration and activities. Retain until superseded
Parish council constitutions	Permanent
Parish council minutes	Permanent
Parish Organization records (<i>Minutes, correspondence, publications, etc.</i>)	Permanent
Photographs (<i>relating to parish History, clergy, parishioners</i>)	Permanent
Policy statements	Permanent
Religious education reports	Permanent
Rosters of parishioners	Permanent
Subject files (<i>Correspondence, memos, rules, schedules, etc.</i>)	Annual review. Destroy superseded filed.
Wills, testaments, codicils	Permanent

C. Personnel Records

A personnel file must be maintained for each active parish employee. That file should contain:

- Employee application
- Resume
- Salary information
- Sick leave taken and accrued
- Vacation record
- Performance evaluations

These records are **confidential** and must be made available only to parish representatives with a legitimate right to know, unless their disclosure is compelled by some legal action. In New York, employees and former employees have the right to inspect their own personnel files. The parish/organization/employer has the right to require that the request be in writing and an appointment be made in reasonable time to review the file.

In New York, several items likely to be in a personnel file are specifically *excluded* from mandatory inspection:

- Investigation of criminal offenses
- Reference letters
- Test documents
- Materials dealing with staff management planning
- Medical records

- Personal information concerning another employee that could, if released, be an invasion of privacy
- Records relating to a pending legal claim that would be discoverable in court

A separate file must be maintained for the *Eligibility Verification form (I-9)* for all employees, including priests.

Record Type

Retention Period

Benefits

Disability records	Permanent
Pension vesting files	Permanent
Retirement benefits	Permanent
Service records	Permanent

Record Type

Retention Period

General

Permanent earnings and records	7 years after benefit termination
Attendance records	7 years after termination
Employee contracts	7 years after termination
Employee salary schedules	7 years after termination

Record Type

Retention Period

Health and Safety

Accident/injury reports	6 years
Employee medical complaints	6 years
Employee medical records	30 years from termination
Employee time cards/sheets	3 years
Environmental test records/reports	6 years
Hazardous exposure records	30 years
Toxic substance explore reports	30 years
Workers' compensation records	12 years after injury (filing), Death or last compensation Payment

Record Type

Retention Period

Personnel Actions

Applications hired/rejected	1 year
Employee evaluations	2 years after termination
Personnel files, terminated	7 years
Termination records	7 years

Record Type**Retention Period****Salary Administration**

W-2 forms
W-4 forms
Time cards/sheets
I-9 forms

Permanent
4 years from the date of filing
3 years
3 years from date of filing or
1 year after termination,
whichever is longer.

D. Financial and Accounting Records**Record Type****Retention Period****Banking**

Bank deposits
Bank reconciliation
Bank statements
Cancelled checks
Check registers
Checks/stubs (cancelled – see exception to follow)
Checks/stubs (cancelled for important payments, i.e.
purchase of property, special contracts,
etc. Checks can be filed with the papers
pertaining to the underlying transaction)

7 years
7 years
7 years
7 years
7 years
7 years

Permanent

Record Type**Retention Period****Financial Records**

Audits reports
Balance sheets, annual (fiscal year end)
Balance sheets, monthly/quarterly
Budgets, approved, revised
Financial reports, annual (fiscal year end)
Financial reports, monthly
Financial statements

Permanent
Permanent
Destroy after 1 year
Permanent
Permanent
Destroy after 1 year
Permanent

Record Type**Retention Period****Investment/Insurance**

Bonds, cancelled
Certificates of deposits, cancelled
Insurance policies/active
Insurance policies/cancelled
Letters of credit
Mortgage records

4 years from date of cancellation
3 years from redemption
Permanent
Permanent
7 years
7 years

Securities sales	5 years
Stock investments	5 years after sale

Record Type	Retention Period
--------------------	-------------------------

Accounting

Accounts payable invoices	7 years
Accounts payable ledgers	7 years
Accounts receivable ledgers	7 years
Credit card statements/charge slips	7 years
Invoices & paid bills, major building construction, or Legal	Permanent
Invoices & paid bills, all others	7 years
Cash books	7 years
Cash journals	7 years
Cash receipts	7 years
General ledger/annual	Permanent
Journal entry sheets	7 years
Ledgers, subsidiary	7 years
Pension records	Permanent
Pledge registers/ledgers	Permanent

Record Type	Retention Period
--------------------	-------------------------

Payroll/Tax Records

Employee Benefit Records	Permanent
Employee Earnings Record	Permanent
Forms W-2 and 1099	Permanent
Government Reports	7 years
Payroll Registers	7 years
Personnel Files (for those terminated)	7 years
Retirement and Pension Records	Permanent
Time sheets/cards	3 years

E. Property Records

Record Type	Retention Period
--------------------	-------------------------

Architectural records, blueprints, building designs, specification	Permanent
Architectural drawings	Permanent
Deeds	Permanent
Mortgage documents	Permanent
Property appraisals	Permanent
Real estate surveys/plots, plans	Permanent
Title search papers & certificates	Permanent

F. Cemetery Records

Record Type

Account cards (record of lot ownership and payments)

Annual report

Board minutes

Burial cards (record of interments name, date of burial, lot number, etc. arranged alphabetically)

Contracts documenting lot ownership

Correspondence

Lot maps

Retention Period

Permanent

Permanent

Permanent

Permanent

Permanent

Selective retention. Keep if item has historical, legal, fiscal value

Permanent

G. Publications

Record Type

Anniversary books

Annual reports to the parish

Newsletters of the parish or parish-affiliated organizations

Other parish-related publications

Parish bulletins

Pastoral Handbook

Retention Period

Permanent

Permanent

Permanent

Permanent

Permanent

Permanent

APPENDIX K – Use of Parish Facilities by Outside Groups

The Diocese of Ogdensburg recognizes that parishes perform an important community function by allowing use of their facilities by individuals or groups. When such facilities use is permitted the risk exposure to the parish (the likelihood of a liability claim being brought against the parish and/or the diocese) increases.

The Diocese of Ogdensburg's Protected Self Insurance Program (PSIP) provides liability coverage to the diocese and its individual parishes for exposure involved in any and all activities conducted, sponsored or permitted by the parish. However, in an effort to protect PSIP from the increase in the risk exposure when outside use of parish facilities is permitted, the Diocese of Ogdensburg implements the following policy.

Lease Agreement

Any time the parish leases space to a commercial, not-for-profit or governmental entity on a long-term basis a formal lease agreement must be executed. The agreement must state that the tenant is responsible to indemnify and hold harmless the Diocese of Ogdensburg and the parish for any claims arising out of their occupancy of parish facilities. The diocese and parish must also be named as additional insureds under the tenant's insurance policy. A minimum of one million dollars of liability coverage must be provided under the terms of the tenant's insurance policy.

Facilities Use Agreement

A Facilities Use Agreement shall be executed when parish facilities are to be used on a regularly scheduled basis by entities or organizations that have their own liability insurance coverage. The agreement shall state that the user shall indemnify and hold harmless the Diocese of Ogdensburg and the parish for any claims arising out of the user's occupancy of the parish facilities. The Diocese of Ogdensburg and the parish shall be named as additional insureds under the user's insurance policy. Examples of such organizations include: Boy Scouts, Girl Scouts, Knights of Columbus.

There are occasions when outside use of a parish facility might be considered a parish sponsored event or an extension of the ministry of the parish. In such circumstances the execution of a Facility Use Agreement is not mandatory. Examples of such outside use:

- Post funeral gatherings
- Meetings of Alcoholics Anonymous, Alanon or similar groups
- Other meetings whose general purpose is to improve the life or foster the spiritual growth of the community

Designation of the use of facilities as a ministry of the parish shall be at the discretion of the pastor.

Special Events Liability Insurance

On occasions when individuals or groups desire use of parish facilities for a limited period of time (generally less than 72 hours) the user shall apply for Special Events Liability Insurance unless insurance coverage can be obtained that provides coverage to the Diocese of Ogdensburg and the parish by other means. This would typically apply to events held or sponsored by individuals or a family having only Homeowner's Insurance and thus does not have the ability to name the diocese and the parish as an additional insured under their insurance policy. Examples of such events are wedding receptions and parties to celebrate anniversaries, birthdays, or other special occasions.

When Special Events Liability Insurance is required, the individual/group shall go online to the web address <https://eventus.ajgrms.com> and click on the "Quick Quote". The system will walk them through the application procedure and they can pay the insurance carrier direct online by Mastercard, Visa or Check.

Special Events Liability Insurance provides liability coverage to:

- The people hosting the event
- The parish
- The Diocese of Ogdensburg

Purchase of Special Events Liability Insurance is mandatory if the individual/group hosting the event are non-parishioners of the parish.

The individual or group is also required to execute a Facilities Use Agreement with the parish.

The purchase of Special Events Liability Insurance does not prohibit the parish from requiring payment of a fee for the use of parish facilities.

Parish facilities shall not be used by outside groups for activities which are contrary to the teachings of the Church.

FACILITIES USE AGREEMENT

In consideration of the honorium noted below made payable to _____
parish
in the manner described. _____ hereby grants to
parish
_____ non-transferable permission to enter _____
user name parish
and use the following "space" at the date(s) and specified time:

Space: _____
Date: _____
Time: _____

The space will be used exclusively for the purpose of _____. No representations are made by _____ as to the suitability
parish
of the space for such a purpose. Under no circumstances shall this agreement be considered a partnership or joint venture. The space shall not be used for activities which are contrary to the teachings of the Church.

User's Obligation:

- A. User will not cause harm or damage to any property of _____
parish
and will restore the space to its original condition. User shall not disrupt the operations of _____ in any manner whatsoever and will
parish
follow directions of authorized officials.
- B. User hereby agrees to defend, hold harmless, indemnify, release and forever discharge _____ and the Diocese of Ogdensburg,
parish
its trustees, directors, officers, agents, employees, and their successors and assigns, from and against any and all claims, demands, actions, causes of actions, judgments, suits, and debts whatsoever including but not limited to, claims of property, claims for property damage, personal injury and death, which are related in any manner whatsoever to the user's activities at the premises. Said indemnity shall include reasonable cost and legal fees incurred by such organizations in defense of any such claims, demands, actions, causes of action, judgments, suits and debts. User further agrees to reimburse _____
parish
for the
cost of restoring, repairing or replacing any damage to the grounds, building equipment, and any other property arising from the user's activities.
- C. User will at its own expense procure and maintain:

Comprehensive General Liability Insurance for personal injury (including deaths) and property damage with a combined single limit of at least \$1,000,000 per occurrence. The certificate must state specifically “ _____ ” and the Diocese of

parish

Ogdensburg shall be named as additional insured’s.” The certificate must also state that the policy shall not be terminated, cancelled or materially altered for any reasons without ten (10) days prior written notice. The certificate evidencing insurance shall be delivered to

_____ parish

at least one week prior to the event. The user’s insurance will be considered primary to any similar insurance carried by _____ . When applicable to

user name

the nature of the user’s activities, the insurance certificate shall evidence coverage that does not contain any exclusion for the Insured’s negligence in causing injury to athletic/sport participants.

FORCE MAJEURE

_____ reserves the right to cancel this agreement, if in the sole

parish

discretion of _____ events beyond the control of the parties hereto

parish

make it impractical to perform the agreement. The user expressly agrees to release _____ from any liability or claim for damages which may result

parish

from such cancellation, and agrees to indemnify and hold _____

parish

harmless from any such liability or claims brought by the event participants in regards to such cancellation. In the event of cancellation of the event pursuant to this paragraph, _____ agrees to refund all payments made by the renter up

parish

to the date of notification of cancellation.

TERMINATION FOR BREACH OF AGREEMENT

_____ reserves the right to terminate this agreement without

parish

penalty for breach by the user of any terms contained herein.

NO ASSIGNMENT

User may not assign to other party or parties this agreement in whole or part without prior written permission of _____ .

parish

ENTIRE AGREEMENT

This agreement contains the entire agreement between the parties concerning the subject matter hereof. Any modifications must be in writing and signed by both parties.

GOVERNING LAW

This agreement shall be governed and construed in accordance with New York State Law.

IN WITNESS WHEREOF, The parties have caused this agreement to be executed as of the date first written above.

Parish: _____

Renter: _____

By: _____

By: _____

Title _____

Title _____

Date: _____

Date: _____

LEASE AGREEMENT

This agreement entered into on _____ by and between _____
Date Lessor
and _____:
Lessee

The Lessor and Lessee mutually covenant and agree as follows:

1. Premises leased, Terms; rent.

That Lessor shall this day lease unto the lessee premises described as

_____.

The term of the lease shall be for twelve (12) months, effective _____
through _____.

The rental payment for the twelve (12) months shall be \$_____ per square foot in monthly installments of \$_____, payment due by the _____ day of each month. If Lessee fails to make payment in a timely manner, Lessor has right to legal recourse.

2. Utilities, Custodial Services:

_____ shall pay all costs relative to operating and using the premises, including but not limited to heat, electricity, water and snow removal.

_____ shall provide custodial and cleaning services.

Lessee agrees to keep premises reasonably clean and free from debris and to conserve energy and electricity as warranted.

3. Acceptance of Premises; Duty of Repair

Lessee hereby accepts the premises in the condition they are in at the beginning of this lease and agrees to maintain said premises in the same condition, order and repair as they are at the commencement of this lease excepting only reasonable wear and tear arising from the use thereof and to make good to Lessor immediately upon demand, any damage to premises caused by the use and activities of the Lessee.

4. Insurance

Lessee agrees that it will at its own expense, at all times during the term of this agreement and any extension or renewal thereof, maintain in force a policy of insurance written by one or more insurance carriers licensed to do business in the State of New York, which will insure the Lessor

and the Diocese of Ogdensburg against liability for bodily injury, death and or with regard to any property or persons within or about the leased premises. The liability coverage of such insurance shall not be less than One Million Dollars (\$1,000,000). A Certificate of Insurance will be provided by Lessee to Lessor at the commencement of this lease evidencing such coverage.

5. Indemnification

Lessee agrees that they will indemnify and hold harmless the Lessor from and against all liability, damages, expenses, costs, causes of action, suits, claims or judgments arising from bodily injuries or death to persons or property damages arising from the occupancy by the Lessee and the Lessee's agents, servants or employees of the leased premises, and from any loss or damage arising from the act, acts or failure to act, or any default or negligence by the Lessee, or failure on the part of the Lessee to comply with any of the covenants, terms and conditions herein contained, unless such loss or damage be caused by the sole negligence of the Lessor.

6. Prohibited Activities

Lessee shall not conduct or permit any activity on the premises which is contrary to the teachings of the Church.

7. Assignment

Lessee shall not assign this lease, or sublet the premises or any part thereof, or make any alterations therein, or any additions thereto, except as otherwise provided herein, without the written consent of the Lessor.

8. Amendments and Modification

This lease agreement may be modified or amended only in writing, duly authorized and executed by Lessor and Lessee. It may not be modified or amended by oral agreements or understandings between the parties.

9. Successors in Interest

It is the intent of the parties that this lease shall be binding upon the Lessor and Lessee and upon any parties who may in the future succeed to their interest.

10. Separability

If any part of this lease is held to be invalid or illegal, then only that part shall be void and have no effect. All other parts of the lease shall remain in full force and effect.

In Witness Hereof, the parties hereto have hereunto executed this instrument for the purpose herein expressed, the day and year above first written.

_____ by _____
Lessor

Date

_____ by _____
Lessee

Date

CONTRACT

This agreement is made this _____ day of _____, 20__, by and between _____ Address: _____ (“owner”) and _____ Address: _____ (“Contractor”).

ARTICLE I. STATEMENT OF WORK: Contractor shall perform, provide or arrange for and supervise all work including but not limited to all labor materials, tools, supplies, equipment, services, and facilities, required for the following work: _____

ARTICLE II. ADDITIONAL CONTRACTOR/SUBCONTRACTOR: Contractor shall not enter into any agreement with any entity and/or person ("Subcontractor") to perform any portion or aspect of the Project without first notifying Owner. Owner shall have the right to determine whether such Subcontractor will be permitted to perform any portion or aspect of the Project.

ARTICLE III. INDEMNIFICATION: To the fullest extent permitted by law, Contractor shall defend, indemnify and hold harmless Owner and each member, partner, director, officer, agent and employee thereof from and against all claims, damages, losses and expenses, including, but not limited to, attorneys' fees arising out of or resulting from:

- i. any accident or occurrence which happens, or is alleged to have happened, in connection with the performance of the Project provided that any such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property including the loss of use resulting there from other than as results from the sole negligence of Owner;
- ii. any accident or occurrence which happens, or is alleged to have happened, in or about the place where such Project is being performed or in the vicinity thereof (a) while the Contractor is performing the Project, either directly or indirectly through an approved Subcontractor as provided in Article II; or (b) while any of the property, equipment or personnel of the Contractor is in or about such place or the vicinity thereof by reason of or as a result of the performance of the Project; or
- iii. any accident or occurrence which happens, or is alleged to have happened, in or about the place where such Project is being performed and/or during the

performance of the Project as a result of the violation of any statutes, rules or regulations applicable to the Project including, but not limited to violations of New York Labor Law and the Industrial Code.

ARTICLE IV. INSURANCE REQUIREMENTS:

- i. The Contractor shall prior to the commencing of any services under this Contract, furnish Owner with Certificates of Insurance confirming the insurance coverage required during the term of the Contract and the additional insured and Blanket Additional Insured Endorsement as required in paragraph iii below.
- ii. The Contractor shall cause all insurances to be in full force and effect as of the date of this Contract to remain in full force and effect throughout the term of this Contract and as further required by this Contract. The Contractor shall not take any action, or omit to take any action that would suspend or invalidate any of the required coverage during the time period such coverage is required to be in effect.
- iii. The Contractor shall obtain and maintain in full force and effect commercial general liability insurance for bodily injury and property damage with a combined single limit of not less than \$1,000,000 each occurrence. The required general liability insurance shall include a comparable limit with respect to Personal Injury and Advertising Injury and a "Blanket Additional Insured Endorsement" in favor of the Owner.
- iv. The Contractor shall obtain and maintain in full force and affect Statutory Workers' Compensation Insurance as required by New York State.
- v. Contractor shall name *Owner, _____ and The R.C. Diocese of Ogdensburg* as additional insured to the general liability insurance policy required under this Contract.
- vi. Each policy must contain an endorsement that such policy is primary and no-contributory insurance to any other insurance available to the additional insured with respect to claims arising hereunder.
- vii. Each policy must expressly state that it may not be cancelled or non-renewed unless thirty (30) days advance notice of cancellation is given in writing to Owner by the insurance company.

ARTICLE V. COMPENSATION: Contractor shall be paid in full for the proper and timely performance of the Project in the sum of _____ Dollars (\$_____). Payment shall be made (in whole upon completion of the work) in installments pursuant to the following schedule: _____

At the time Contractor requests payment, the Contractor shall submit a mechanics lien waiver, in the form next hereto, certifying all materialmen and subcontractors have been paid and indemnifying the Owner against the filing of mechanics liens.

IN WITNESS WHEREOF, this Contract has been executed this _____ day of _____, 20_____.

Signature: _____
Pastor

Signature: _____
Contractor

APPENDIX L – PROCEDURE FOR SECURING OFFERTORY COLLECTIONS

In the course of conducting recent reviews of parish financial operations, the Office of Parish Audits and Fiscal Support Services finds that many parishes continue to face exposure to theft of funds in the manner by which they administer the weekend collections. In this communication the Diocese lists the procedures it recommends be put into use to ensure best practices in conducting offertory collections at Mass. Following these guidelines will better protect parish assets, and its implementation will provide consistency that will be appreciated by present and future pastors.

We believe the best way to protect from theft monies contributed in a collection is the use of tamper-evident bags.

First a note about ordering Tamper-Evident Bags (sealable bags): There are Saturday Masses, Sunday Masses, second collections, other events, and emergency bags, so the number of bags should be calculated; one case of bags has 250 bags. Bags will take about a week to arrive, so plan accordingly.

We recommend the vendor Alert Security Products. Bags can be ordered from their website www.securitybag.com; select the link for “Bank Deposit & Currency Transfer Bags.” There are two product numbers we recommend 1218AGV which is 12 inches by 18 inches, or product number 1520AGV which is 15 inches by 20 inches. You may also call Alert Security Products (888)-467-1916.

Once bags arrive, you will notice that every bag has a number and the same number on the receipt (removable tab). Use a Tamper-Evident Master Control Log (sample attached) to document all bags you ordered and for what purpose you distribute them. See example in figure 1 below.

Figure 1: Tamper-Evident Master Control Log:

Bags Received/Issued	Mass/Event	Date	Bag Numbers
Bags received	n/a	6/30/13	10001-10250
Bags issued	Masses	Weekend of 7/7/13	10001-10003
Bags issued	Emergency supply	Weekend of 7/7/13	10004-10005
Bags issued	Bank transport	Weekend of 7/7/13	10006
Bags issued	Church bazaar	Weekend of 7/13/13	10007-10008
Bags issued	Emergency supply	Weekend of 7/13/13	10009-10010
Bags issued	Masses	Weekend of 7/14/13	10011-10013
Bags issued	Bank transport	Weekend of 7/14/13	10014

Note in the above log that you will also include extra bags when issuing bags in case of a bag malfunction or in case another bag is needed because of collection volumes. In addition, the extra bags (emergency supply) that are not used during weekend Masses should be left in the sacristy or other location in the church for the ushers to use, and should be restocked when used. If not used, extra bags (emergency supply) for events, should be used for future Masses and not left for next year’s event.

You will also have a Tamper-Evident Bag Control Log (sample attached). See example in figure 2 below.

Figure 2: Tamper-Evident Bag Control Log:

Date	Mass/Event	Time	Bag Number	Collection purpose	Ushers names	Bags opened by	Was bag tampered with (Y/N)
7/6/13	Mass	5:30 pm	10001	Offertory	T. Smith	A. Hatfield	N
					B. Jones	G. McCoy	
						J. Statham	
7/7/13	Mass	9:30 am	10002	Offertory	C. Burks	A. Jacks	N
					M. Bones	C. Kelly	
						Z. Bart	
7/7/13	Mass	11:00 am	10003	Offertory	G. Jones	A. Hatfield	N
					T. Smith	G. McCoy	
						J. Statham	

The log will list Mass by Mass and bag by bag that has been issued. On Fridays, you are going to clearly write across the bag in permanent marking pen the Mass time, day, and date. The same date and bag number will be written on the control log. A copy of the control log will stay with the bookkeeper. At the end of the day on Friday, you will take the following supplies to the sacristy, or designated area of the church building for the ushers to pick up before Mass and use for the Masses on Saturday and Sunday:

- Tamper-Evident Bags
- Tamper-Evident Bag Control Log
- An Envelope
- Permanent Markers and some pens

There are five steps for proper use of the Tamper-Evident Bags:

1. Preparation of Bag Use
2. Collecting the Funds
3. Counting the Funds
4. Depositing the Funds
5. Monitoring

1. Preparation of Bag Use

The parish bookkeeper (cannot be anyone from the volunteer count team) will place the supplies (one bag for each Mass or event, plus two or three emergency bags, tamper-evident bag control log, an envelope, permanent markers, and some pens) in the designated area in the church building prior to the weekend services (Friday). At least one bag of sufficient size should be available for each collection at each Mass. Note: the tamper-evident bag should be big enough to fit inside the basket for receipt of proceeds from the collection.

Bags should be labeled as to the Mass time and the collection purpose (when there is to be more than one collection at a Mass). The bag numbers should be recorded on the Tamper-Evident Bag Control Log designating a specific bag number for each collection at each Mass. Tamper-Evident Control Logs can be found on the Pastoral Documentation site under the Parish Administrative Service Office.

There should be two to three emergency bags on hand in case one of the bags malfunctions or in case another bag is needed because of collection volumes. Malfunctioned bags should be kept and inserted into emergency bag used. In order to keep track of emergency bags the Emergency Bag Control Log should be used (sample attached). See example in figure 3 below.

Figure 3: Emergency Bag Control Log:

Bag Number	Usher Names	Date Used	Event	Replaced Bag #
10004	T. Smith	7/28/13	9:30 am Mass	10028
	B. Jones			

2. Collecting the Funds

Prior to start of Mass, each bag used for that Mass is to be signed and dated with a permanent marking pen by two ushers and then placed into the collection basket(s). They will also sign the receipt and the control log prior to Mass, so as not to have to do this during the Mass. The ushers will collect with the smaller baskets from the entire church, and then the offertory collection can be immediately placed in a Tamper-Evident Bag at the rear of the church. Ordering large enough bags to fit inside the large collection baskets will ease this process of transferring the funds from the smaller baskets to the larger basket. The bag should be immediately sealed and placed at the altar. To seal the bag, remove the receipt (removable tab) (note: the receipt is placed into the envelope and kept with the

control log), then remove the adhesive area at the top of the bag and fold the flap down and seal the tamper-evident bag. The two ushers that signed the bag should ensure that the bag is secured properly to protect the funds inside the bag.

When there is a second collection, the same procedures must be followed. Under no circumstances should the closing and sealing of the bag containing the first collection be delayed pending completion of the second collection.

If the bag malfunctions (fails to seal or the seal is not proper) it must be kept and not thrown away, and should still be placed at the altar. Immediately after Mass the two ushers should obtain an emergency bag and sign it and date it and place the malfunction bag into it and then seal it. This emergency bag receipt should be placed in the envelope as well. The ushers should complete the Emergency Bag Control Log. All other steps remain the same.

The tamper-evident bag(s), once sealed, will be taken by the two ushers and placed in a safe or other locked and secure area until it can be opened in the joint custody of at least two volunteer money counters according to the appropriate money counting procedures. After the last Mass on Sunday the control log should be folded and placed into the envelope with the receipts and sealed and placed in the safe with the bags for the volunteer money counters.

3. Counting the Funds

On Monday the pastor or someone else not involved in the counting process will retrieve the bags and the envelope that contains the control log and receipts from the safe and bring it to the counting room. Before opening the bags, the numbers on the bags will be compared to the numbers on the control log and the receipts by three counters. The counters will sign the log next to each Mass indicating that the bag number and if the Mass agrees with the log. They will also indicate whether the bag has been tampered with by placing “N” for No and a “Y” for Yes. If the bag has been tampered with, or bag numbers do not agree, notify the Parish Finance Council and/or Trustees and/or the Diocesan Coordinator of Parish Audits and Financial Support Services immediately.

Once the log is completed the bags are now ready to be opened and counted. The bags should never be ripped open. The bags should be turned up-side-down and cut open by a pair of scissors across the dotted line. The funds should be dumped onto the table and the normal count should take place.

The funds should be counted on a Mass by Mass basis. At the end of the count a Parish Tally Sheet should be completed along with a deposit slip by the counters. The tally sheet total, and the deposit slip total should be reconciled and once the totals agree the funds can

be placed in a transport bag along with the deposit slip and sealed by the two counters. They will also sign the log verifying that the bag was sealed properly. The bag should be transported to the bank for deposit. Keep a copy of the deposit slip with the counters tally sheet and the tamper-evident control log for your records. The log, tally sheet, and the copy of the deposit slip should be given to the pastor to verify the totals of the tally sheet and the copy of the deposit slip totals agree with the bank counter receipt (validated deposit slip) totals. He can then sign the tally sheet to indicate that the totals all match. He will then give the tally sheet, control log, the copy of the deposit slip, and the bank's validated deposit slip to the parish bookkeeper to record the offertory in QuickBooks Pro software.

At no time should funds be taken out and used for petty cash or other expenses. All funds collected must be deposited. If a check is needed for petty cash it will be written separately from QuickBooks Pro software.

A recommendation for staffing volunteer count teams: The opening process may not begin until at least three counters are present to witness the opening and beginning the count. All counts must be totally free from other rectory duties like answering the telephone or door. The reason for requiring at least three volunteer counters is that one might be called away or in need of a break during the counting process which will still leave two counters present. ***No individual should ever be left alone with the collection not even for a minute. That is unfair to the individual and is a major break in internal controls with regard to counting cash.*** Finally, counters should be unrelated to one another.

4. Depositing the Funds

The funds placed in the Transport bag should be taken by two individuals to the bank. A validated deposit slip should be obtained from the bank and returned to the pastor for his verification. If the amounts do not agree the Parish Finance Council and/or Trustees and/or the Diocesan Coordinator of Parish Audits and Financial Support Services should be immediately notified.

5. Monitoring

The parish bookkeeper should keep the records for seven years. On occasion the Parish Finance Council should review the records to make sure all the procedures and steps have been followed. The diocesan auditors will also review the records from time to time.

Forms:

As noted earlier, all tally sheets and log forms are available for download and printing at the diocesan Pastoral Documentation site under the office for Parish Administrative Services. It is

important to use these log forms to document the bag's serial numbers as well as the counting and verification process. Proper use of these collection forms serves to protect the volunteer counting team from any allegations that might arise. They also act as a deterrent to anyone who might be tempted to take funds from loose counting procedures.

Direct any questions regarding these procedures to Kathleen Donaldson, Diocesan Coordinator of Parish Audits and Financial Support Services.

APPENDIX M – PARISH AND SCHOOL MONTH-END CHECKLIST

PARISH AND SCHOOL MONTH-END CHECKLIST

Parish or School Name: _____

BACKUP: I have made a backup of all QuickBooks company files before starting this checklist. If for any reason something goes wrong, a backup would have to be restored.

Initials: _____.

Use the backup icon in QuickBooks. Another suggestion is to do a complete verification and time stamp the backup. Don't limit backup copies kept, since QuickBooks backup size is normally small.

Note: Be sure to exit all other running applications before beginning the backup process.

BANK STATEMENT REVIEW AND JOURNAL ENTRIES: Record any adjustments in QuickBooks by way of "Make General Journal Entries" for bank fees and charges and/or interest earned for the month. In addition, the diocese's Deposit & Loan Fund interest that is re-invested into the D&LF must be recorded by journal entry to the proper interest income accounts.

Initials: _____.

Note: All bank statements must be opened and reviewed by the parish pastor (or in case of an independent school the principal will open and review the school's bank statements).

Bank Reconciliation: Reconciling all bank accounts monthly helps to ensure that your records match the banks. It also guarantees that you have recorded every deposit, check, bank fees, and interest earned, so that your month end reports will be complete. Completed bank reconciliations in QuickBooks Pro software must be printed in both detail and summary format.

Note: All bank reconciliations must be completed within 7 business days upon receiving them, so the bank can be contacted with any discrepancies.

Accounting Recommendation: Someone other than the bookkeeper should prepare the bank reconciliation for a second check of the accounting records. Trusted volunteers or parish trustees could work well in this capacity.

Bank reconciliations were completed within 7 business days of receiving statements.

Initials: _____

Other Balance Sheet Accounts Reconciliation: In addition to bank account, you will need to reconcile any other accounts such as Accounts Receivable, Accounts Payable, Payroll Liabilities, and Petty Cash.

Payroll Liabilities Reconciliation: Prepare a payroll summary report in QuickBooks dated the 1st day of the payroll quarter to month end and confirm the total taxes for federal and state taxes agree with the amount in QuickBooks “Pay Payroll Liabilities”.

Payroll summary report agrees with payroll taxes listed in QuickBooks Pay Payroll Liabilities.

Initials:_____.

Payroll summary report agrees with other employee deductions (health insurance, garnishments, etc.). **Initials:**_____.

Reconcile Petty Cash: Add up all of the currency, coins, and receipts in the petty cash box. The total should agree with the figure listed on the balance sheet for petty cash.

Initials:_____

Monthly Balancing: The spreadsheet for monthly balancing of QuickBooks: Parish, Cemetery, and Mass Account reports should be completed after all reconciliations have been completed. The reports needed to complete this spreadsheet are: balance sheet for the previous fiscal year-end, profit & loss report (by fund: parish, cemetery, or Mass Account), and current month ending balance sheet. Once all of the figures have been added to the spreadsheet the totals for each fund should agree.

The Parish, Cemetery, and Mass Account totals balance on the spreadsheet.

Initials:_____ as of _____ date.

Note: If the totals do not balance do the following:

1. Verify all reports are newly processed reports from QuickBooks.
2. Verify reports have correct dates.
3. In QuickBooks generate the profit & loss report that does not balance and double-click Total Income and verify the correct bank account is listed under “Split” column. Make sure that the correct bank account is used for each transaction, repeat for Total Expenses.
4. If the funds still do not tie out, then verify if last fiscal year tied out.
5. If the funds still do not tie out, then contact the Parish Administrative Office for assistance.

Independent schools will only need to generate a trial balance report and verify that the total debits agree with the total credits.

Other Bookkeeping Tasks: The following tasks should be completed before generating any reports:

- Parish/school: View Deposit & Loan Fund reports and record any interest earned that is not received in QuickBooks by way of journal entries.
- Parish: Generate a collections profit & loss report listing only the collection income accounts and expense accounts. View report to make sure the net income is zero, or all funds have been sent.

-
- School: View the school profit & loss by class and correct any items not classified.
 - Cemetery: Verify that income account number 814 "Received for Endowed Care" funds have been sent to NBT Bank by expensing account number 912 "Transferred to Endowed Care Funds".
 - Parish/school/cemetery/Mass Account: View all "Other" income and expense accounts and if funds listed are \$100 or more, then create a sub-account with a general description so the viewer of the reports can easily understand what the funds are for.
 - Mass Account: Compare the Mass Account cash in bank (checking, D&LF savings) total to the Mass Intention Book total unsaid masses remaining. The two totals should agree. The Mass Account cash in bank balances to the Mass Intention Book. **Initial:** _____

Print Month-End Reports: The pastor and the council members will need the following reports to view the summary of the churches business activity during the previous month: month end balance sheet, profit & loss reports for each fund for the month, year to date profit & loss previous year comparison, year to date budget vs. actual, trial balance for the month, and a printed check register for the month.

The parish's month-end reports have been printed and given to the pastor.

Initial: _____ **date:** _____

The principal and board members will need the following reports to view the summary of the schools business activity during the previous month: month end balance sheet, profit & loss by class, year to date profit & loss previous year comparison, year to date budget vs. actual, trial balance for the month, and a printed check register for the month.

The schools month-end reports have been printed and given to the principal.

Initial: _____ **date:** _____

Federal Form W-9 and Independent Contractors: Parishes, schools, and cemeteries will have certain tasks performed by independent contractors and these services may include: snowplowing, IT service (including web development and support), construction, coaching, and grave digging to name a few. The IRS mandates that you issue 1099-MISC to these independent contractors, but there are exceptions for corporations and S corporations. The IRS exempts corporations, where it does not exempt LLC's and LLP's. Note: most LLC's will require an issuance of Form 1099-MISC. One exemption to the rule is attorney fees of \$600 or more, require the issuance of Form 1099-MISC.

- **Review appropriate vendors:** Review all new independent contractors for the month to make sure you have a completed federal Form W-9 on file regardless of the amount paid.
Initials: _____
- **Compare Form W-9 to QuickBooks:** Set-up all independent contractors eligible to receive 1099-MISC in QuickBooks from the main menu select Vendor/Vendor Center/Tax Settings tab.
Initials: _____

PARISH AND SCHOOL PAYROLL QUARTERLY CHECKLIST

Parish or School Name: _____

Prepare 941 and NYS-45 forms: Two forms that must be completed after every calendar quarter (1st quarter: January 1 to March 31 with due date of April 30, 2nd quarter: April 1 to June 30 with due date of July 31, 3rd quarter: July 1 to September 30 with due date of October 31, and 4th quarter: October 1 to December 31 with due date of January 31) are forms 941 Employer's Quarterly Federal Tax Return and NYS-45 Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return.

Note: Health Insurance deductions and other section 125 plan deductions are exempt from federal, social security, Medicare, and state taxes. Annuities (403b) deductions are exempt from federal and state tax withholdings and they do not reduce social security and Medicare wages and taxes. Other voluntary deductions like garnishments (child support) are deducted from the employee's net pay and they do not reduce federal, social security, Medicare, or state wage base.

Reconcile Form 941 to QuickBooks: Before submitting the federal quarterly form 941, check that the quarterly tax payments relating to 941 reported taxes (federal withholding, Social Security, and Medicare) have been recorded properly in QuickBooks and the Payroll Liabilities account should be zero for each item. Please complete the following reconciliation:

- **Federal Wages:** Form 941, line 2 (944, line 1) must equal Payroll Summary report (dated for the quarter) Total Adjusted Gross Pay. **Federal Wages:** _____ **Initials:** _____
- **Federal Income Tax Withheld:** Form 941, line 3 (944, line 2) must equal Payroll Summary report Total Federal Withholding. **Federal Tax Withheld:** _____ **Initials:** _____
- **Social Security Wages:** Form 941, line 5a, column 1 (944, line 4a, column 1) must equal Payroll Summary report Total Adjusted Gross Pay minus any Clergy Salaries. **Social Security Wages:** _____ **Initials:** _____
- **Social Security Tax Withheld:** Form 941, line 5a, column 2 (944, line 4a, column 2) must equal Payroll Summary report Total Social Security Employee and Total Social Security Employer. **Social Security Tax Withheld:** _____ **Initials:** _____
- **Medicare Wages:** Form 941, line 5c, column 1 (944, line 4c, column 1) must equal Payroll Summary report Total Adjusted Gross Pay minus any Clergy Salaries. **Medicare Wages:** _____ **Initials:** _____
- **Medicare Tax Withheld:** Form 941, line 5c, column 2 (944, line 4c, column 2) must equal Payroll Summary report Total Medicare Employee and Total Medicare Employer. **Medicare Tax Withheld:** _____ **Initials:** _____
- **Total federal tax payments:** Form 941, line 11 (944, line 10) must agree with total vendor payments to IRS in QuickBooks. **Total federal tax:** _____ **Initials:** _____

Reconcile Form NYS-45 to QuickBooks: Before submitting the state quarterly forms NYS-45 and NYS-45-ATT, if necessary, check that the quarterly state withheld tax payments relating to NYS-45 reported taxes have been recorded properly in QuickBooks and the Payroll Liabilities account should be zero for state withheld taxes. Please complete the following reconciliation:

- **New York State Tax Withheld:** Form NYS-45, line 12 must equal Payroll Summary report Total NY-Withholding. **NYS Tax Withheld:**_____ **Initials:**_____
- **Total state tax payments:** Form NYS-45, line 12 must agree with total vendor payments to NYS Employment Taxes in QuickBooks. **Total state tax:**_____ **Initials:**_____
- **New York State Wages:** Form NYS-45, Part C, column c, or if necessary, Form NYS-45-ATT, column c, Total UI Remuneration must equal Payroll Summary report Total Adjust Gross Pay. **New York State Wages:**_____ **Initials:**_____

Government quarterly forms: All government quarterly forms (941, NYS-45's) must be signed by the parish pastor, or in the case of an independent school, the school principal, and at no time should they be signed by the bookkeeper. An exemption to this is a tax preparer will sign on your behalf in the tax prepare section. In addition, all forms and tax payments must be sent before the due date to avoid fines and penalties.

Forms and tax payments sent before due date. **Initials:**_____

PARISH AND SCHOOL CALENDAR YEAR-END CHECKLIST

Parish or School Name: _____

Complete Month-End and Payroll Quarterly Checklists: Before starting the calendar year-end checks complete the month-end and payroll quarterly checklists first.

Update Payroll Tax Tables: At the end of the year and before the beginning of the next, QuickBooks payroll service subscribers should check for payroll updates more often than usual. Federal and state forms are frequently finalized during this time, and many state and federal changes are incorporated into the tax tables as well.

Payment method: Salary and wages paid to employees must always be paid by check or direct deposit through the payroll system in QuickBooks. Salary and wages must never be paid in cash. Cash payments are violation of Federal and New York law. Payments to independent contractors must always be made by check through the accounts payable system. When engaging an independent contractor, the parish must verify the contractor's Social Security number or Taxpayer Identification number and have them sign a Form W-9. All payments to employees and/or independent contractors must be duly recorded in QuickBooks Pro software for the parish and/or school.

Bonuses, gifts, and thank you payments: If bonuses, gifts, or thank you payments are to be paid to employees and/or the clergy, then these payments must go through the payroll system in QuickBooks for each employee, so the proper taxes can be deducted. If these payments are not made through the payroll system, then those payments would be in violation of Federal and New York law.

All payments to employees and diocesan clergy members were prepared in the payroll system.
Initials: _____

Volunteers: Volunteers do not receive pay or other compensation, and are not employees. Volunteers may receive gifts of nominal value (i.e. turkey, ham, statue, etc.) at Christmas or other holidays, but they may not receive any forms of compensation (i.e. cash, bonuses, a gift certificate, etc.) for their services.

Compensation for religious brothers and sisters: Compensation for members of religious communities must be paid to the community and therefore not reported to the IRS, but if compensation is paid directly in the name of the religious member it must be reported to the IRS on Form 1099-MISC.

Prepare 1099-MISC forms: Before producing 1099 forms, make sure that the tax ID and address information for all of your 1099-eligible vendors is correct. From the Vendor Center, select each 1099 vendor by double-click on the vendor's name. In the Edit Vendor window, verify the

address on the Address Info tab and go to the Tax Settings tab to check the Tax ID field and make sure that the box is checked for Vendor Eligible for 1099. **Initials:**_____

Mapping accounts for Form 1099: Another important step before producing 1099 forms is to set-up the 1099 preferences in QuickBooks. To access the preferences in QuickBooks, select Edit, then Preferences from the drop down window. From the Preference window, select Tax 1099 icon and then select Company Preferences tab. Next, select to map your accounts to boxes on Form 1099-MISC and select any expense account where independent contractors will be charged and make sure Box 7 Nonemployee Compensation is selected for each account. Finally, verify that the threshold amount for Box 7 Nonemployee Compensation is set at \$600.00. **Initials:**_____

Produce Forms 1099-MISC: From the main menu in QuickBooks select Vendors, and from the drop-down window select Print/E-file 1099's, then select 1099 wizard and follow the steps to produce Forms 1099-MISC. Forms 1099-MISC were completed and sent to each eligible vendor no later than January 31st. **Initials:**_____

Note: All government forms must be signed by the parish pastor, or in the case of an independent school, the principal will sign forms 1096 for all forms 1099.

Review W-4 and IT-2104 Forms: It is a good idea to have your employees check to make sure that you have their correct address and social security numbers. Also, have your employees review their federal and state withholdings and make any necessary changes by having them complete new forms. Select File, and from the drop-down window select Print Forms, then Pay Stubs. These printed pay stubs gives more detail then the paycheck stubs. Have the employees review these forms and if any changes are needed have them complete the proper form. **Initials:**_____

Prize winners and Form W-2G: File Form W-2G, Certain Gambling Winnings, to report gambling winnings and any federal income tax withheld on those winnings. The requirements for reporting and withholding depend on the type of gambling, the amount of the gambling winnings, and generally the ratio of the winnings to the wager. File W-2G with the IRS by January 31st. You must provide a statement to the winner (Copies B and C of Form W-2G). For more information see Pub. 3079, Tax-Exempt Organizations and Gaming. **Initials:**_____

Prepare W-3/W-2 forms for employees: Before you can print your W-2 forms for the employees who worked for the parish and/or school during the year, you need to review them in QuickBooks. From the home screen in QuickBooks select the Process Payroll Forms icon, then select Annual Form W-2/W-3 Wage and Tax Statement/Transmittal and follow the steps. Review all employees W-2's for accuracy before printing by comparing the figures to the Payroll Summary report, with the date range set to the full calendar year. **Initials:**_____

Lay Employee Retirement Plan Adjustment to QuickBooks Form W-2s before printing: Check box 13 for all lay employees that are members of the diocese's Lay Employee Retirement Plan.

This box is not checked for the priests Form W-2, since their Retirement Plan is not a qualified plan. **Initials:**_____

Priest Rectory Housing Adjustment to QuickBooks Form W-2 before printing: When priests live in a rectory (excluding retired priests), insert "Housing \$3,600.00" in box 14. If a priest did not live in a rectory the entire year, the amount inserted in box 14 should equal \$300.00 times the number of months in residence.

Adjustments for disability compensation: Your parish will receive Form W-2/W-3 prepared by the third party administrator for those employees who receive disability compensation during the calendar year. Distribute to employees the W-2 from the third party administrator. Submit the W-3 from the third party administrator with the appropriate copy of these W-2s to the Social Security Administration. You should adjust totals on your 941 and NYS-45 for each quarter there was payments of disability compensation, to include these disability wages. Your parish is responsible for paying employment taxes on these wages. **Initials:**_____

Adjustments to QuickBooks Form W-3 before printing: In box (b) mark the type of filer you are, either 941 or 944. Also, for the Kind of Employer you select "501c non-govt.". Include contact name, e-mail, and telephone number (this information can be entered in QuickBooks under Company Information). Only the pastor/administrator may sign government forms. Exemption to this is tax preparer may sign on your behalf in the tax preparer section. **Initials:**_____

Mass Stipends: Mass stipends are not reported by the parish and do not appear on Form W-2. The parish must submit on parish letterhead a letter to each priest that received a Mass stipend payment that states the total number of Masses said and the total amount paid for these Masses. Photocopies of these letters should be maintained with the parishes forms W-2s.

All letters have been completed and mailed to the priest for Mass Stipends. **Initials:**_____

Notice and Acknowledgement of Pay Rate and Payday: All employees (including priests) must sign "Notice and Acknowledgement of Pay Rate and Payday" between January 1st and February 1st of each year even if nothing has changed. If a worker is on layoff during January 1st to February 1st, then the notice must be signed upon return to work. Only one annual notice needs to be given. If a worker refuses to sign the notice, then the parish/school should note this on its copy of the notice. Maintain all notices in each employee file. Notice is not required for any increase in pay. For any reduction of wage rate, an employee must be notified in writing prior to the reduction being implemented.

PARISH AND SCHOOL FISCAL YEAR-END CHECKLIST

Parish or School Name: _____

Complete Month-End and Payroll Quarterly Checklist: Complete the other checklist for month-end and payroll quarterly checklist before starting the fiscal year-end checklist.

Enter Any Other Adjusting Journal Entries: There may be other adjusting or correcting entries (Bishop Fund collection, Deposit & Loan Fund interest that is reinvested into the D&LF, etc.) that need to be entered into QuickBooks. **Initials:** _____

Print Year-End Reports: The reports needed from QuickBooks for the Parish Financial Report are: balance sheet previous year comparison, parish profit & loss previous year comparison, cemetery profit & loss previous year comparison, Mass Account profit & loss previous year comparison, and a trial balance. The parish pastor will need these reports along with the four page Microsoft Excel report for review with his councils.

Initials: _____

Backups: In addition to your regular backup routine, it is advisable to make two complete backup copies of your data at the end of the fiscal year. Keep one of these in the parish office safe, and store one off-site (in the Cloud, or at the church or parish hall). Remember to protect your backup devices from heat, magnets, and other hazards.

Prepare for the next fiscal year:

Download a new Excel spreadsheet for "Priest Reimbursement – Allowance Schedule".

Enter employee raises (including priests) into QuickBooks Pro software by July 1st.

Employees with contracts must have a new contract to sign.

Download a new form "Spreadsheet for Monthly Balancing of QuickBooks Parish, Cemetery, and Mass Account Reports".

INFORMATION AND HELP

Diocese of Ogdensburg Offices Telephone: (315) 393-2920, or
Internet Access -- www.rcdony.org

Michael J. Tooley, Diocesan Fiscal Officer
extension 1210
Email: mtooley@rcdony.org

Kathleen Donaldson, Parish Service Audits, Accounting and QuickBooks Support
extension 1214
Email: kdonaldson@rcdony.org

Kim Snover, Human Resources and Employee Benefits
extension 1211
Email: ksnover@rcdony.org

Rita Reynolds, Insurance: Property claims and Worker's Compensation
extension 1231
Email: rreynolds@rcdony.org

New York State Offices:

Department of Taxation and Finance

For general information, call toll free 1-877-698-2910.

To order forms and publications, call toll free 1-800-462-8100.

Fax-on-Demand Forms Ordering System, call toll free 1-800-748-3676.
You must use a touch tone phone. A fax code is used to identify each form.

Internet Access - <https://www.tax.ny.gov/>
Access the website for forms, publications and information.

Department of Labor

For general information, call toll free 1-888-469-7365

Internet Access – <https://www.labor.ny.gov/home/>

Racing and Wagering Board

Call (518) 395-5400

Internal Revenue Service:

For information call toll free 1-800-829-1040. For forms and publications call toll free 1-800-829-3676.

Internet Access - <https://www.irs.gov/>